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Housing Element

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CITY OF SEBASTOPOL

HOUSING ELEMENT

December 1984

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ACKNOWLEDGEMENTS

The Housing Element of the General Plan is a planning tool requiring input, participation and support from the community to be effective. The City of Sebastopol has made a diligent effort to provide for the needs of the community and develop a workable housing program. In updating the Housing Element numerous individuals contributed their time, expertise and cooperation in carefully reviewing the data, evaluating the problems and establishing feasible objectives, policies and programs. The following individuals deserve special acknowledgement:

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I. SUMMARY

INTRODUCTION

The Housing Element of the General Plan provides a statement of Sebastopol's housing goals and policies and sets forth a framework to guide decision making on housing issues. It establishes quantified objectives and a five year Action Program designed to address the identified housing needs of the community and to work towards the attainment of decent housing and a suitable living environment for all economic segments of the community.

The content of the Housing Element also reflects changes in State legislation which provides a regulatory framework focusing upon four fundamental components. Article 10.6 of the California Government Code states that the housing element shall contain:

- o A review of the 1981 Housing Element to evaluate the appropriateness, effectiveness and progress of the City's goals, objectives, policies and programs;
- o An assessment of housing needs and an inventory of resources and constraints to the meeting of those needs;
- o A statement of the community's goals, quantified objectives, and policies relative to the maintenance, improvement, and development of housing; and,
- o A program which sets forth a five-year schedule of actions the City is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element;

More specifically, the law requires that the housing element contain an identification and analysis of existing and projected housing needs, including: an analysis of population and employment trends; the locality's share of the regional housing need; an analysis and documentation of household characteristics and housing stock condition; an inventory of land suitable for residential development and analysis of the relationship of zoning and public facilities to these sites; an analysis of potential and actual governmental and nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels; an analysis of special housing needs, such as those of the handicapped, elderly, large families, farmworkers, female headed households and homeless persons; and, an analysis of opportunities for energy conservation. Furthermore, the goals, objectives and policies of the Housing Element should establish the maximum number of units that can be constructed, rehabilitated and conserved over the time frame of the element.

The housing goals and policies described in the 1981 Housing Element remain essentially the same, but they have been reviewed and updated by an expanded program effort which responds to current housing needs. Sebastopol's housing programs have, in the past, focused on rehabilitation of the City's older housing stock, improving public infrastructure in low and moderate income neighborhoods, and providing special services and assistance to lower income households in need. The recommended housing strategy suggests some shift in emphasis from the rehabilitation program effort towards expanding the supply of housing to provide a more adequate choice and sufficient distribution for all economic segments of the community. There are many constraints to the development of new housing and the City can focus on eliminating constraints and assisting in the development through a number of home financing techniques, zoning and land use measures, state and federal programs, as well as private sector incentives.

Data Sources

The data used in this element were taken from the 1980 U.S. Census, Department of Finance Population Estimates, ABAG's "Projections 83" and "Housing Needs Determinations" and Records and Special Surveys conducted by City staff. Other sources of information included the Housing Authority, Planning Department and Assessor's Office of the County of Sonoma; industry publications; local newspapers; and, interviews conducted by the consultant. The planning area boundary used in the analysis of projected needs is the City's adopted Sphere of Influence. All references are indicated by footnote in the section entitled Needs Assessment and listed numerically in the List of References. A Glossary of Terms and Acronyms is also included as Appendix B.

Public Participation

Citizen participation is an important component in the development and implementation of the Housing Element. Sebastopol's Housing Needs were presented in a Technical Report prepared by a private consultant and reviewed by City Staff and the Planning Commission in two work sessions attended by the public. In order to obtain input from various sectors of the community, numerous interviews were conducted by the consultant including local developers, realtors, non-profit organizations and community interest groups. A member of Sebastopol's Housing and Community Development Committee has reviewed the Technical Report and provided input for the Draft Housing Element which has been submitted to the full committee for further comment. The Draft Housing Element has been available for public review since October 1984 and has been referred to the appropriate local and state agencies. Several public hearings and work sessions were held in which the Element was carefully reviewed and revised. Continued

public participation and input is encouraged as the Sebastopol Housing Element is adopted and implemented.

Relation to Other Elements

The Housing Element works with other elements of the General Plan to provide a set of consistent policies upon which land use and development decisions are based. Sebastopol's General Plan identifies environmental constraints, such as noise, geologic, seismic, flood, and fire hazards, which have been taken into consideration in the analysis of adequate sites and in the formulation of the housing policies contained in the new Housing Element. Goals and Policies contained in the Land Use, Circulation, Public Facilities, Open Space and Conservation Elements also interface with the updated Housing Element. Specific policies contained in these elements of the General Plan are noted for review as part of the recommended Housing Program and General Plan process.

SUMMARY OF NEEDS

The following is a summary of Sebastopol's population and employment trends and the identified housing needs for the five year period from 1985 to 1990. Additional background information and discussion of issues as required by State law are detailed in the section entitled Needs Assessment.

Sebastopol has an estimated population of 6,000 people in 1984 with approximately 2,700 housing units and an estimated 2,565 occupied households. Over the next decade, Sonoma County is projected to be the fastest growing county in the San Francisco Bay Region accompanied by the largest increase in jobs. Sebastopol's proximity to the growing urban center of Santa Rosa is expected to attract a portion of this growth with a projected 1990 population of 8,300 people occupying an estimated 3,350 households.

A profile of the community reveals that in 1980, 66% of the households in Sebastopol were small, one and two person households with a median household income of \$14,647 - the lowest household income of all the incorporated cities in Sonoma County. Over half of the households in Sebastopol are classified as lower income, comprising 55% of the total occupied units in 1980. Using the median income for the ABAG region to define income levels (according to the State's definitions) approximately 875 households in Sebastopol are Very Low Income (37%) earning less than 50% of the median income for the region; another 426 are classified as Low Income (18%) earning up to 80% of the regional median income; 497 households are Moderate Income (21%) earning up to 120% of the regional median income; and, the remaining 568 households are classified as above moderate income (24%).

Approximately 31% of the total households in Sebastopol are occupied by senior citizens. Many of these elderly households are also female headed and/or handicapped households. An estimated 10% of all households in Sebastopol are female headed, while approximately 8% of the population have some form of physical or mental handicap. Minority households include 4.3% Spanish and a small Asian population comprising 1.9% of the total households. Many of the elderly, minority and female-headed households in Sebastopol are classified as lower income, earning less than 80% of the median income for the region. In addition, these households have certain special needs that are addressed in the new Housing Element.

Sebastopol has more renters than the County average with 44% of the households being renter occupied and 56% owner occupied. Many of the homeowners in Sebastopol have lived in their homes for over 10 years (approximately 70%). According to the 1980 census, approximately one-third of the homeowners have no mortgage payments. The long-term residency of the owner-occupied households has provided a source of affordable housing for this group.

Approximately 24% of all owner-occupied units and 49% of all renter occupied units were paying more than 30% of their incomes for housing in 1980. An analysis of the level of payment compared to the ability to pay revealed that approximately 18.5% of the total households (436) are lower income households who are overpaying for housing. The majority of these lower income households are renters (81%) while only 19% are homeowners who are overpaying. These figures indicate a need for affordable rental housing in Sebastopol. Of the total households, approximately 2.1% are overcrowded (50 households).

The housing stock in Sebastopol consists of a number of older units with 25% of the stock built before 1940. An estimated 10% of the single family units and approximately 1% of the multi-family units are in need of rehabilitation (approximately 124 units). The potential for energy conservation in the residential sector has been estimated at a 30% savings by the year 1990 with an active local policy towards attaining this goal. Sebastopol has recently completed an Energy Plan which presents energy saving strategies and proposed programs for all sectors of the community.

In 1980 the available vacancy rate was 3.1% with 2.2% available for sale and .9% available for rent. More recent surveys have revealed a tightening of the market with a .7% vacancy in both owner and rental markets (1.4% total available rate). Sebastopol not only has the lowest income level but also the lowest vacancy rate of all incorporated cities in the county. This indicates a strong demand for new units not only to provide for the projected needs of the growing population but also to expand the stock in order to provide a more adequate choice in housing.

The projected new construction need for the 10 year period from 1980 to 1990 as provided by the Association of Bay Area Governments (ABAG) was 495 new units. Since 1980, 232 new units have been constructed with only 2 demolitions. This provides a remaining new construction need for the 5 year period from 1985 to 1990 of 265 units or approximately 53 units per year which appears consistent with recent construction trends in Sebastopol.

An analysis of vacant land in Sebastopol concludes that there are adequate sites within the City's current boundaries to accomodate the projected growth to the year 1990 with less than 40 percent build-out of the existing available land. Approximately 165 acres of vacant and underutilized residential land within the incorporated city limits has been inventoried (Appendix A) with a maximum projected build-out of 723 to 1127 units. The projected build-out includes: remaining lots in subdivisions which are not yet completely built-out, approved or proposed projects, and vacant or underdeveloped sites that are designated for residential use. Many of these sites have received preliminary approvals for residential developments while some are constrained by the lack of sewer and water or poor access and drainage, which affects the feasibility of

development in terms of construction costs, financing and the ultimate sales price of the units.

An analysis of those projects currently in the planning process revealed 435 units in various stages of the approval process with a potential for an additional 43 bonus units. These figures include 80 units proposed for a commercial site on Gravenstein Highway South and the proposed annexation for 20 rental units on Hurlbut Avenue. These two sites can provide approximately 100 units, some of which could potentially be available to low and moderate income households. In addition, there is a potential for 18 to 20 units, originally approved for Burbank Heights, that could be constructed to meet the needs of lower income elderly households.

An analysis of the projected build-out suggests that potential density bonus incentives could provide a significant number of households to meet the projected needs of the low and moderate income households. It is recommended that the City adopt a density increase policy to define the process and procedures for density increases, develop criteria for selection of suitable sites, and target housing types to meet the identified needs of the community.

Major constraints to the development of housing in Sebastopol include: 1) the high cost of site improvements and extending public services, 2) the availability and cost of financing, and, 3) escalating land costs. Governmental constraints to housing are minimal in Sebastopol; fees are reasonable and processing time for applications is generally short. The high cost of extending public improvements coupled with rising interest rates and escalating land costs present major constraints to the development of housing and especially for housing affordable to low and moderate income households. The recommended housing strategy for the next five years focuses on alleviating these constraints through a variety of programs, such as redevelopment, bond financing, and other regulatory incentives.

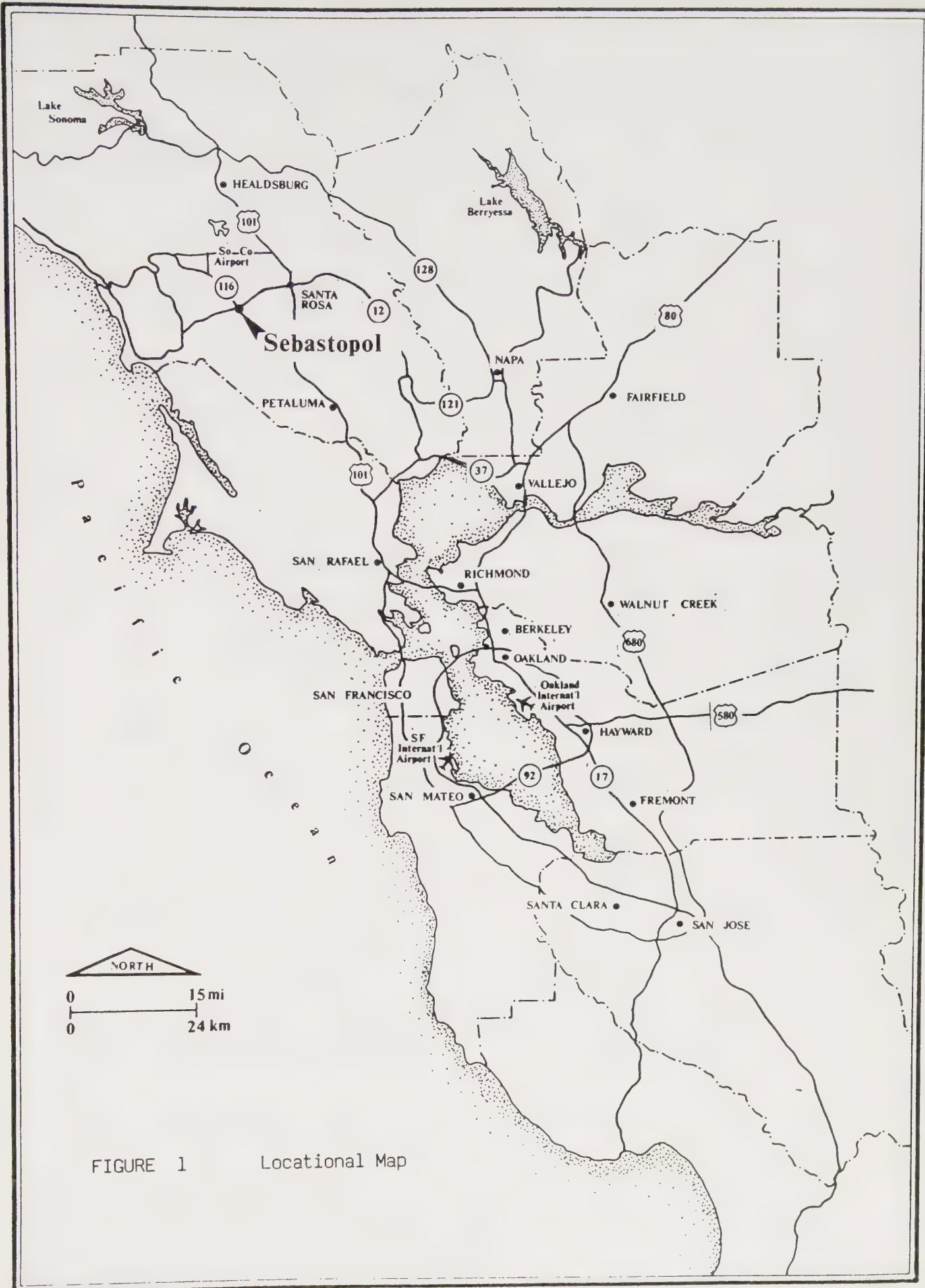


FIGURE 1 Locational Map

SUMMARY FACT SHEET

Population

1980 Population	5,595
Group Quarters	190
Household Population	5,405
1984 Estimated Population	6,000
1990 Projected Population	8,300

Age Distribution

Under 18	23.2%
18 to 64	55.8
Over 65	21.0

Income Distribution

1980 Sebastopol Median Income	\$14,647
Very Low Income	37%
Low Income	18%
Moderate Income	21%
Above Moderate	24%

Special Needs

Elderly Households	31%
Female Headed Households	10%
Handicapped Population	8%
Minority Households	6%
Overcrowded Households	2%

Housing Characteristics

1980 Total Housing Units	2,466
Total Vacant	108
Total Occupied Households	2,358
1984 Estimated Households	2,565
1990 Projected Households	3,350

Mean Household Size 2.29 persons per household

Type and Tenure of Units

Owner-occupied Households	56%
Renter occupied Households	44%
Single Family Units	72%
Multi Family Units	26%
Mobile Homes	2%

Vacancy Rates

1980 For-Sale	2.2%
1980 For-Rent	.9%
Total Available 1980	3.1%
1984 For-Sale	.7%
1984 For-Rent	.7%
Total Available 1984	1.4%

Housing Costs

1980 Average Sales Price	\$105,300
1980 Vacant For-Rent Average	\$327
1984 Average Sales Price	\$114,950
1984 Rental Survey	\$390 - \$750

New Construction Needs

1985-1990	265 units
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Available Land

Incorporated Residential Sites	165 acres
Projected Build-out	723 - 1127 units
Unincorporated Residential Sites	190 acres
Projected Build-out	350 - 518 units
Total Planning Area Boundary	355 acres
Projected Build-out	1,073 - 1,650 units
Projected Population Added	2,564 - 3,944 people

REVIEW OF EXISTING HOUSING PROGRAMS AND POLICIES

Sebastopol's housing programs have focused on four primary areas: 1) rehabilitation and conservation of the older housing units; 2) the provision of adequate services to eliminate constraints to the development of housing; 3) utilizing regulatory incentives and private, state and federal programs to provide assistance for the construction of low and moderate income housing, and 4) special programs to meet the needs of elderly, handicapped, minority and female headed households. In the past, Sebastopol has initiated measures and participated in numerous programs to address the housing needs of the community. The more notable activities have been:

Rehabilitation

The 1981 Housing Element identified deteriorated and dilapidated housing units requiring rehabilitation and established objectives to preserve and rehabilitate the inventory of existing housing stock. Over the past five years, the City's rehabilitation program has focused on two targeted areas of low and moderate income households. An estimated 13 residences have been rehabilitated under the existing program. The City has expanded the program city-wide and continues to seek applicants who are eligible for the rehabilitation loan program. Surveys conducted by the Sonoma County Housing Authority indicate that for various reasons the number of households eligible to participate in the rehabilitation program has declined markedly. Funding allocated to Sebastopol's rehabilitation program has had to be sent back for lack of eligible participants. Many of the older units needing rehabilitation are occupied by elderly residents who are reluctant to encumber their properties even with deferred loans. While there are still an estimated 125 units needing minor rehabilitation and renovation, Sebastopol's rehabilitation program has succeeded in providing assistance to the targeted neighborhoods of low and moderate income households. The City's rehabilitation efforts are expected to continue under a voluntary program.

Community Development Block Grants

The City of Sebastopol has established a Housing and Community Development Committee which meets regularly to review the progress of the City's housing programs, identify community needs that may be eligible under various grant programs and assist the City in developing priorities for CDBG applications. Through the combined efforts of the City and the Housing and Community Development Committee, Sebastopol has received \$917,000 in Community Development Block Grant Funds for housing rehabilitation, street reconstruction, sewer and drainage improvements as summarized in Table 1.

TABLE 1
CDBG GRANT STATUS
1980-1984

<u>GRANT YEAR</u>	<u>AMOUNTS</u>	<u>PROJECT</u>	<u>STATUS</u>
1980-81	\$170,000	Johnson Street	Completed
	160,000	Low & Moderate Housing Infrastructure Improvements N. Gravenstein (portion)	Completed
1981-82	119,000	Eddie Lane Sewer Reconstruction	Completed
	150,000	Housing Rehabilitation Northeast Target Area (8 Units rehabilitated)	Completed
1982-83	150,000	Mary's Lane Sewer Reconstruction	Completed
	100,000	Housing Rehabilitation Southwest Target Area (5 units rehabilitated) Still accepting applications	Ongoing
	38,500	First Street Drain	Bid awarded;
		Balance from Water Agency Total \$135,372	Work underway
1983-84	120,000	Solar Energy Rehabilitation Burbank Heights Apartment	Completed 1984
TOTAL	\$917,000		

Source: City of Sebastopol, Office of City Manager, Updated January 11, 1984

An estimated 30 to 40 lower income households have benefited by replacement of sewer laterals and reconstruction projects in the targeted areas. Other infrastructure improvements include full street improvements along Johnson Street and a portion of North Gravenstein Highway. Storm drain improvements along First Street were also constructed with CDBG and Water Agency funds.

In addition, the City of Sebastopol secured CDBG funds in conjunction with the PG&E rebate and zero interest loan program to provide solar energy conservation improvements for Burbank Heights Apartments (a 138 unit senior housing project built in 1975 utilizing HUD Section 236 construction financing). This project has provided an estimated 20 percent savings in utility costs—a factor which can help prevent future rent increases.

Burbank Heights residents do not receive financial government assistance, however, the rents on these units are adjusted to meet the needs of lower income tenants in accordance with current HUD established income limits. The success of this project in meeting the needs of lower income senior citizens is reflected in their 6-12 month tenant waiting list. The City intends to encourage the construction of an additional 14-20 units that were originally approved for this site but lacked adequate funding from the Section 236 program.

Bonus Incentives and Waiver of Fees

The City of Sebastopol waived an estimated \$38,700 in fees and made special provision for the annexation and development of 60 apartment units along North Gravenstein Highway. A maximum density increase up to 15 units per acre was allowed for the construction of 18 federally assisted units that are currently occupied. This project was fast-tracked through the approval process and also benefited from CDBG funding for off-site infrastructure improvements as noted above. The remaining 42 market-rate units are yet to be completed.

The City has also adopted a second unit ordinance allowing for the provision of "granny units" in single family neighborhoods. The ordinance has provided for the construction of smaller rental units to meet the needs of Sebastopol's elderly and single person households.

Redevelopment

The Sebastopol Community Development Agency was formed in 1982 under the provisions of the State Redevelopment Law. In 1982-83 \$30,367 in Redevelopment funds were utilized in the Eddie and Marys Lane Sewer reconstruction projects and an additional \$155,010 in 1983-84 to

complete the financing of those improvements. Redevelopment funds also provided for storm drain improvements along Calder Avenue, Burbank Activity Center Remodeling, and the removal of the abandoned sewer plant on Surplus City property. While the tax increment revenues are limited in the early stages of the project, an estimated \$10 million in Redevelopment funds (20% of all tax increment revenues) will be available to improve or expand the supply of low and moderate income housing over the 40 year life of the project. Over the next five years, Community Development activities are expected to provide public improvements throughout the project area and produce an estimated \$250,000 to \$300,000 in tax increment revenues for low and moderate income housing.

Mortgage Bond Financing

The City is currently seeking a 5 million dollar bond allocation to provide below market rate financing to first time home buyers. According to the Bond Consultant, Sebastopol is currently on the waiting list of eligible cities and may participate in a joint venture with another eligible community in order to reduce bonding costs. Sebastopol will also explore the use of tax exempt mortgage revenue bonds to finance the construction of multi-family rental units. Federal law requires that 20% of such funded housing be available to lower income households. The City continues to work closely with the Sonoma County Housing Authority in administering the program.

Special Programs

Other actions the City has taken to provide for special housing groups include the provision of a free site, free parking, and landscaping for a special Day Care Center. The Center provides daytime childcare for working mothers and special services for the elderly and handicapped. The Johnson Street reconstruction project has provided better drainage and access to the neighborhood. The City provides transit services and attempts to coordinate and locate key bus stops for other bus services that are convenient for elderly, handicapped and female heads of household. The City provides information and a referral service to the Sonoma County Rental Information and Mediation Service which handles discrimination complaints and provides services in housing disputes.

II. HOUSING GOALS, POLICIES AND PROGRAMS

HOUSING GOALS, POLICIES AND IMPLEMENTATION PROGRAMS

The City of Sebastopol has embraced the State's Housing Goals as the primary objective in establishing the City's housing policies and programs to achieve:

- o The provision of decent housing for all economic segments of the population, regardless of age, race, sex, marital status, ethnic background, or other arbitrary factors;
- o The provision of a wide choice of housing opportunities and adequate housing supply by location, type, price and tenure;
- o The development of a balanced residential environment with access to employment, community facilities, and adequate services.

With these general goals in mind, the City has identified several housing issues and adopted goals, objectives, policies and programs to address and resolve these issues. The following outline presents a statement of the City's goals, quantified objectives, policies and recommended programs.

GOAL: TO PROVIDE A BROAD RANGE OF HOUSING CHOICES AND HOUSING OPPORTUNITIES FOR ALL ECONOMIC SEGMENTS OF THE COMMUNITY

POLICIES

- 1.1 The City shall encourage the provision of an adequate number of rental units in order to maintain an optimal vacancy rate in rental markets.
- 1.2 The City shall encourage the development of residential projects which have an adequate mix of housing types and which have safe and convenient access to schools, parks, transportation, and employment opportunities.

GOAL: TO ENCOURAGE THE DEVELOPMENT OF AFFORDABLE HOUSING FOR ALL ECONOMIC SEGMENTS OF THE COMMUNITY

POLICIES

- 2.1 The City of Sebastopol shall encourage future developments which provide a range of unit types and sizes, building densities, and lot designs that minimize the cost of market-rate housing.

- 2.2 The City shall support efforts which will minimize development costs, interest rates, and other housing financing costs.
- 2.3 The City shall explore the use of tax exempt mortgage revenue bonds to finance affordable housing.

GOAL: TO REDUCE RESIDENTIAL ENERGY CONSUMPTION AND PROMOTE THE USE OF ALTERNATIVE ENERGY SOURCES

POLICIES

- 3.1 The City shall cooperate with the local utility companies in their public education programs in the area of energy conservation.
- 3.2 The City shall encourage the use of solar energy in the design of new subdivisions.
- 3.3 The City shall actively enforce new state energy standards of Title 24.
- 3.4 The City shall initiate a community-wide recycling program.

GOAL: TO ASSIST IN THE DEVELOPMENT OF HOUSING TO MEET THE NEEDS OF LOW AND MODERATE INCOME HOUSEHOLDS

POLICIES

- 4.1 The City shall encourage developers to build low and moderate income housing by offering various incentives and regulatory concessions where appropriate and by employing developmental controls.
- 4.2 The City shall address its housing programs to provide for its fair share of the regional housing need.
- 4.3 The City shall investigate sites which are suitable for potential development of low and moderate income housing.
- 4.4 The City shall actively seek sources of funding through governmental programs and private financing to meet the housing needs of its low and moderate income households.
- 4.5 The City shall encourage the construction of smaller residential units.

GOAL: TO PRESERVE AND REHABILITATE THE EXISTING SUPPLY OF AFFORDABLE HOUSING

POLICIES

- 5.1 The City shall continue to survey areas containing dilapidated or deteriorated housing units and shall seek funds for rehabilitation from local lenders, nonprofit organizations, and governmental agencies.
- 5.2 The City shall encourage owners of dilapidated or deteriorated housing units to rehabilitate or reconstruct their dwellings.
- 5.3 The City shall discourage high speculation in rehabilitation areas.

GOAL: TO MAINTAIN THE PHYSICAL AND SOCIAL INTEGRITY OF ALL RESIDENTIAL NEIGHBORHOODS

POLICIES

- 6.1 The City shall encourage new residential development which is compatible with the surrounding neighborhood in terms of architectural design, layout, and traffic circulation.
- 6.2 The City shall encourage the participation of homeowners associations and neighborhood groups in initiating street beautification programs and neighborhood restoration in areas of need.

GOAL: TO PROVIDE EQUAL HOUSING OPPORTUNITIES FOR ALL SEGMENTS OF THE COMMUNITY

POLICIES

- 7.1 The City shall encourage housing developments which meet the special needs of elderly, handicapped, single parents and minorities.
- 7.2 The City shall encourage fair housing practices and continue to support efforts to ban discrimination in housing based on race, age, sex, handicaps, family size, or marital status.

GOAL: TO ALLOW THE DEVELOPMENT OF AVAILABLE LAND IN A WELL-PLANNED FASHION TO PROVIDE A SUFFICIENT DISTRIBUTION OF HOUSING TO MEET THE PRESENT AND FUTURE NEEDS OF THE COMMUNITY

POLICIES

- 8.1 The City shall study the development capability of vacant lands to determine appropriate density allocations; increasing density where feasible and decreasing density where constraints exist.
- 8.2 The City shall identify areas which may be suitable for development.

QUANTIFIED OBJECTIVES

In order to achieve the goals and implement the policies of the new Housing Element, the City must establish feasible quantified objectives. It is recognized that the total housing needs identified may exceed the available resources and the ability of the community to satisfy this need within the content of the general plan requirements. Under state law, the quantified objectives need not be identical to the identified housing needs but should establish the maximum number of housing units that can be constructed, rehabilitated and conserved over the five year time frame of the element. The following quantified objectives were arrived at by balancing the identified housing needs with the provision of adequate sites, the availability of funding and the feasibility of the programs based on past experience.

Objectives for the creation of New Housing Units 1985-1990

	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above</u>	<u>Total</u>
Second Units	5	10	10		25
Density Bonus		15	30		45
Rental		18	48		66
Mobile Homes		3	10		13
Other	<u> </u>	<u> </u>	<u> </u>	<u>116</u>	<u>116</u>
TOTAL	5	46	98	116	265

Objectives for the Rehabilitation and Conservation of the existing housing stock 1985-1990.

Rehabilitation	25 units (voluntary program)
Rental Assistance	25 households
Weatherization	100 units

RECOMMENDED HOUSING PROGRAM STRATEGIES

Sebastopol's housing program focuses on the needs of all economic segments of the population with priority given to these in the following order:

1. Low and moderate income households who are presently overpaying; that is, contributing over 30% of their income to housing-related costs.
2. Low and moderate income households living in substandard units and/or in units needing rehabilitation.
3. Persons experiencing problems of housing discrimination.
4. All segments of the population who are being affected by rising housing costs or by housing discrimination.
5. Future residents whose housing needs may not be met because of various constraints to the development of housing.

The recommended housing programs utilize local government regulatory measures, state and federal programs, and private non-profit organizations and community groups to achieve the goals and implement the policies of the Sebastopol Housing Element. The programs focus on four primary areas: 1) local government regulatory measures to eliminate constraints to the development of housing; 2) new construction financing techniques; 3) housing assistance and special services; and, 4) rehabilitation and conservation of the existing housing stock.

LOCAL GOVERNMENT REGULATORY MEASURES

1. The City will continue to work with developers in curtailing housing costs by processing applications in a timely and expeditious manner to avoid costly delays.

2. The City will consider adoption of specific policies and amendments to the Zoning Ordinance which will increase the supply of housing for low and moderate income households. Policies and amendments to be considered include:
 - a) Density Bonus Policy: The City should develop a policy which outlines the process and procedure for obtaining density bonuses and/or regulatory incentives; establishes criteria for the selection of suitable sites; and targets housing types to meet the identified needs of the community.
 - b) Condominium Conversion Policy: The City should develop a condominium conversion policy which may limit the number of conversions when the rental vacancy rate drops below an optimum level and may include requirements for the owner/developer to provide relocation assistance to the displaced tenants.
 - c) Energy Design Policy: The City should adopt a policy providing design criteria and procedures for the review of development plans to ensure solar access in future housing developments.
 - d) Manufactured and Mobile Homes: The City should adopt a Mobile Home subdivision and design policy and continue to allow for the placement of manufactured homes and/or mobile homes pursuant to state law.
 - e) Rezoning for higher densities: The City should study the feasibility of rezoning certain sites for multiple units and/or higher densities, consistent with the Land Use Element, in order to ensure that adequate sites exist for a broad range in housing types and cost.
3. The City should designate priority development areas to coincide with the capacity and expansion of public facilities and determine appropriate residential densities, public infrastructure improvements and environmental impacts of projected development in these designated growth areas.

NEW CONSTRUCTION

4. **Housing Development Corporations:** Housing Development Corporations (HDC) are initiated and directed by local residents for the purpose of building or rehabilitating affordable housing. HDC's can be non-profit or profit oriented and provide an excellent vehicle to channel funds for joint ventures between the City and the private sector. The Sebastopol Area Housing Corporation (SAHC) is a non-profit HDC which manages Burbank Heights. A study of other projects in which SAHC could participate should be made. Neighborhood Housing Services provides considerable expertise and advise to communities on ways HDC's can be used to meet the needs of low and moderate income households.
5. **Redevelopment Tax Increment Funding:** Through the state redevelopment process, 20% of all tax increment revenues will be made available to improve or expand the supply of affordable housing. Secured bonds could be issued to finance mortgages, to establish a revolving loan fund or any other kind of housing assistance program. Over the next five years there will be limited funding available from this source.
6. **State and Federal Programs:** The City should evaluate potential sites for the construction of low and moderate income housing and encourage the development of such housing through the use of appropriate federal and state financing and subsidies. Expanding the role of Sebastopol's Housing and Community Development Committee to coordinate efforts with the Sonoma County Housing Authority in administering the various programs. Among the available programs and funding sources are:
 - a) Section 202 Construction Financing: Additional units at Burbank Heights could potentially be developed with Section 202 funding. The City will work with the Sebastopol Area Housing Corporation and the Sonoma County Housing Authority to assist in applying for this funding.
 - b) Rural Land Purchase Fund: The Rural Land Purchase Fund provides 7 percent loans to local governmental agencies and nonprofit organizations for the purchase of land to develop housing for low income persons. The City or nonprofit group could purchase land through the fund and then sell the property at below market price in order to provide for the construction of low-income units.
 - c) Rural and Urban Predevelopment Loan Funds: The Rural and Urban Predevelopment Loan Funds provide 7 percent

loans to local governmental agencies, nonprofit organizations and cooperative housing corporations for the preliminary costs of developing assisted housing for low income families, elderly or handicapped persons. Authorized costs include site acquisition and preparation; architectural, engineering, legal, permit and application fees; and bonding expenses.

- d) Bond Financing: The City can issue bonds through the Sonoma County Housing Authority for both single family projects targeted for low and moderate income first-time home buyers and/or multi-family projects with 20% of the units affordable to lower income renters. The bond issues provide below market rate financing to developers for construction of the multi-family units and will provide mortgage financing to the first-time home buyer. Sebastopol is currently seeking a \$5 million bond allocation for single-family loans to first-time home buyers.
- e) Self-Help Programs FmHA Section 523: The FmHA self-help program involves the cooperative work of groups of families to provide a major portion of the labor required in the construction of their homes. Mortgage credit is made available under the regular Section 502 program and includes interest credits. In addition, FmHA can make grants to qualified public bodies and private nonprofit groups to organize and assist families in utilizing the self-help program. It is estimated that the use of "sweat equity" can help reduce construction costs by up to 50%.
- f) Homeowner Loans FmHA Section 502: The major portion of FmHA's housing assistance is provided under this basic homeownership loan program. Loans provided under this program may be used to purchase an existing structure or a newly constructed one, or to build, rehabilitate or relocate a single family dwelling. To qualify, applicants must be without decent, safe, and sanitary housing and must have an adequate repayment ability for the loan. Both low and moderate income families are eligible; however, below market interest rates are available to low income families only.
- g) Rental Housing Construction Program FmHA Section 515 The Farmers Home Administration provides funds for the development of new rental units by private, nonprofit or public agency sponsors. Not less than 30% of the units in each rental development assisted under the program are to be made available to the households of low and very low income. The remaining units in each development may be made available to moderate-income market rate households. An annuity fund has been established to provide rent supplements to sponsors of

rental housing being financed under the 515 program to ensure affordable rents to eligible households.

HOUSING ASSISTANCE AND SPECIAL SERVICES

7. Provide public information on available housing and assistance programs by referral to the Sonoma County Housing Authority and continued participation and cooperation with the County in developing new programs to assist low and moderate income households.
8. Apply for all appropriate federal and state housing assistance programs consistent with staff capacity.
9. Continue to provide housing and information referral to the Sonoma County Rental Information Mediation Service (SCRIMS).

REHABILITATION AND CONSERVATION

10. Community Development Block Grant funds have been used in the City's Housing Rehabilitation Program administered by the Sonoma County Housing Authority. For several reasons, there has been limited participation in this program over the past five years and the County Housing Authority is not allocating additional rehabilitation funds for Sebastopol. However, in the future CDBG funds could potentially be used to support a voluntary rehabilitation program.
11. Continue to monitor the condition of the housing stock and encourage local residents to bring their dwellings up to code. Additional funding will be sought when a large number of units needing rehabilitation are identified.
12. Cooperate with the local utility to encourage a voluntary energy conservation retrofit program in which owners and renters will be encouraged to insulate water heaters and weatherize their homes. The City should investigate possible funding sources and grants for implementation of this program.
13. Actively enforce new state energy standards of Title 24.
13. Initiate a community-wide recycling program by renegotiating the refuse disposal contract to include separate pick-up of cans and bottles at curbside or in bins throughout the city.

TABLE 2

SUMMARY AND TIME-FRAME FOR IMPLEMENTATION OF HOUSING PROGRAMS

PROGRAM/ACTION	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME-FRAME
Continue to process applications in a timely and efficient manner	City staff	Staff budget	ongoing
Consider adoption of policies and amendments to the Zoning Ordinance:	Planning staff; Planning Commission; City Council	Staff budget	1985-1990
Density Bonus Policy			1985-86
Condominium Conversion			1985-86
Energy Design Policy			1986-87
Mobile Home Policy			1987-88
Rezoning			1985-87
Designate priority development areas	City staff; Planning Commission City Council	Staff budget	1986-87
Study expanded role of the Sebastopol Area Housing Corp.	City staff; Housing and Community Development Committee; Sebastopol Area Housing Corporation	Staff budget	1985-86
Redevelopment Housing Set aside	Community Development Agency	tax increments	1985-1990 ongoing
Evaluate potential sites for low and moderate income housing	City Staff; So. Co. Housing Authority; HCD Committee	State and Federal programs; private sector incentives	1985-1990 ongoing

TABLE 2 (cont'd)

SUMMARY AND TIME-FRAME FOR IMPLEMENTATION OF HOUSING PROGRAMS

PROGRAM/ACTION	RESPONSIBLE AGENCY	FUNDING SOURCE	TIME-FRAME
Issue Single-Family and Multi-Family Bonds	City Staff; So. Co. Housing Authority	Municipal Bond Financing	1985-1990
Provide public information on housing assistance	City Staff; So. Co. Housing Authority	Staff budgets	1985-1990 ongoing
Apply for appropriate state and federal assistance programs	City Staff; So. Co. Housing Authority	Staff budgets	1985-86 ongoing
Provide information and referral to SCRIMS upon request	City Staff; SCRIMS	So. Co. Housing Authority Contract	1985-1990 ongoing
Continue to monitor housing stock condition	Building Inspector City Staff	Staff budgets	1985-1990 ongoing
Encourage a voluntary energy retrofit program	Building Inspector City Staff	Staff budgets	1985-1990 ongoing
Actively enforce Title 24 energy standards	Building Inspector	Staff budgets	1985-1990 ongoing
Initiate community-wide recycling program	City staff	Private sector disposal rates	1985-86

III. NEEDS ASSESSMENT

COMMUNITY PROFILE

Regional Setting

Sebastopol is situated in central Sonoma County, approximately seven miles west of the City of Santa Rosa, the primary market area for the county and the main source of employment for local residents. Because Sebastopol is close to the growing urban areas of Santa Rosa and southern Sonoma County, the community has experienced an influx of persons who commute there to work.

The City of Sebastopol is a small, rural community characterized by gently rolling terrain, a traditional downtown district and an agricultural economy dominated by the apple growing industry. In recent years, the apple industry has experienced a sharp decline due to an increase in national market competition. As a result of its declining agricultural base, Sebastopol has experienced a shift in its industrial base away from agricultural production towards more service-oriented industries. In addition, there has been increasing pressure to develop lands surrounding the City that were once dedicated to agricultural use. A growing concern and goal of the City has been to maintain a viable employment base and balance public services while preserving the rural character of the community.

Population Trends

Historic population growth trends for Sebastopol show a stagnant growth period from 1950 to 1960, during which Sebastopol experienced a 3.6 percent growth in population as compared to the 42.5 percent average growth rate within the County. From 1960 to 1970, Sebastopol made up for the growth lag of the previous decade with a 48.1 percent increase surpassing the County's 39.0 percent average population growth during the same period. Over the past decade, Sebastopol has kept pace with the dramatic growth experienced in Sonoma County with a 40.2 percent increase in population, compared to the County's 46.3 percent increase.

The 1980 Census population for Sebastopol was 5,595 growing to an estimated population of 5,983 in 1984 (an increase of 6.8 percent). While the annual growth rate varies widely from year to year as shown in Table 4, the average annual growth rate for Sebastopol over the past 10 years has been 2.4 percent. By 1985 the population is expected to surpass 6,000 people within the incorporated City boundaries.

TABLE 3
POPULATION TRENDS

YEAR	POPULATION TOTALS	SEBASTOPOL	PERCENT CHANGE SONOMA COUNTY	ABAG REGION
1940	1856	-	-	
1950	2601	40.1	49.7	-
1960	2694	3.6	42.5	35.7
1970	3990	48.1	39.0	27.3
1980	5595	40.2	46.3	11.9
1984	5983	6.9	7.8	

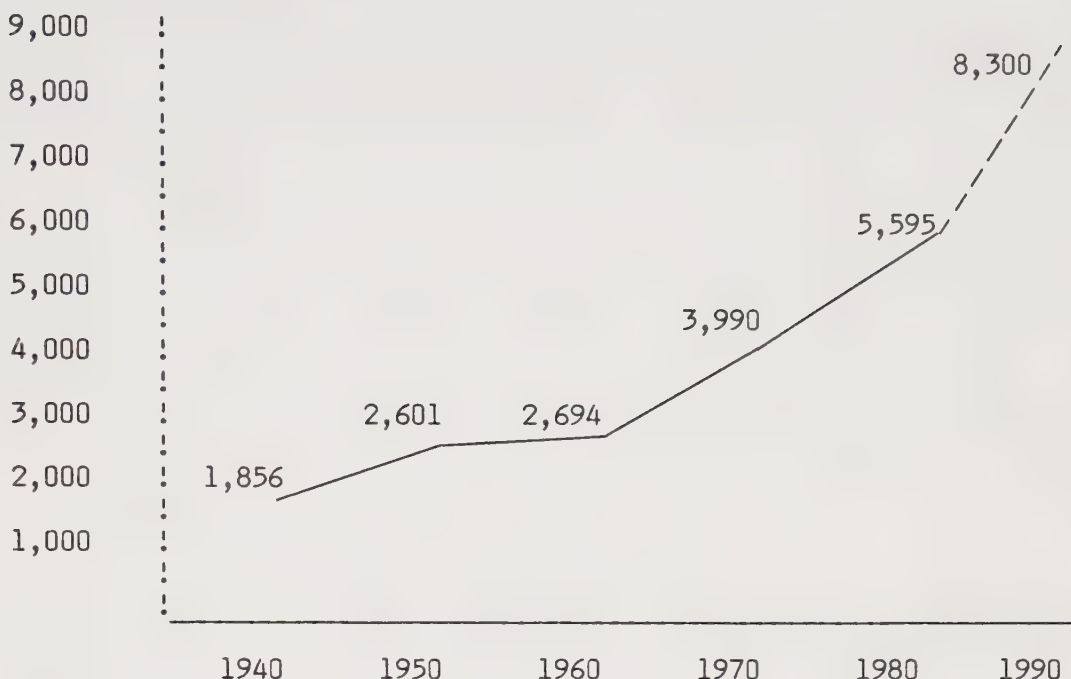
Source U.S. Census

TABLE 4
ANNUAL GROWTH RATE
1974-1984

YEAR	POPULATION	ANNUAL GROWTH RATE
1973	4310	-
1974	4480	3.9
1975	4590	2.5
1976	4610	.4
1977	4809	4.3
1978	5025	4.5
1979	5100	1.5
1980	5595	9.7
1981	5710	2.0
1982	5756	.8
1983	5964	3.6
1984	5983	.3

Source: Dept. of Finance Population Estimates

FIGURE 2
SEBASTOPOL'S POPULATION TRENDS



Age and Sex Distribution of the Population

The age distribution trends of a city's population are important considerations since they affect the demand for housing. Sebastopol is following regional and national trends towards the gradual aging of its population. Sebastopol has 50 percent more senior citizens (65 years or older) than the County average comprising 21 percent of the total population as shown in Table 5. An additional 8.8 percent of Sebastopol's population is between the ages of 54-64 years old. Within these age groups there is a higher proportion of women than men, reflecting a number of elderly households with female heads.

The growing elderly population creates a demand for units with common recreation facilities and easy access to commercial, medical, and transportation facilities. Elderly households often have special needs for handicapped access and facilities designed to accomodate handicapped persons. Because of soaring inflation in housing, energy and consumer goods experienced over the last decade, the elderly households living on fixed incomes have an extra disadvantage.

TABLE 5
AGE AND SEX DISTRIBUTION

AGE	NO. OF PERSONS	CITY OF SEBASTOPOL			SONOMA COUNTY		
		% FEMALE	% MALE	% TOTAL	% FEMALE	% MALE	% TOTAL
Under 18	1,298	12.0	11.2	23.2	12.8	13.3	26.1
18-34	1,581	15.1	13.1	28.2	15.3	14.6	29.9
35-54	1,049	10.3	8.5	18.8	10.5	10.4	20.9
54-64	491	5.1	3.7	8.8	5.2	4.4	9.6
65+	1,176	13.7	7.3	21.0	7.8	5.7	13.5
TOTAL	5,595	56.2	43.8	100.0	51.6	48.4	100.0

Source: 1980 U.S. Census

Approximately 23.2 percent of the 1980 population was under 18 years of age. This is a significant decrease from the 1970 distribution of 38.9 percent, and follows national trends of deferring child-bearing to later years and increasing numbers of single and childless two-person households. The declining number of young children can result in a change in the types of housing units sought, since childless adults tend to have a higher combined income and prefer a high amenity lifestyle. This can increase the demand for condominiums or units in planned developments.

The largest age group in Sebastopol is 18-34 years old comprising 28.2 percent of the population. This "baby boom" generation has created a demographic bulge nation-wide affecting everything from jobs and housing to spending patterns and borrowing trends. As the population ages, people entering the 18 to 34 age group begin to form households, compete in the job market and may become first-time home buyers. Market analysts suggest there is still considerable "pent up" demand for housing within this age group.¹

Another 18.8 percent of the population lies within the productive age group of 34-54 years old. As the "baby boomers" approach middle age over the next decade, the percentage of people within this group will increase and the median age will climb. Due to the higher percentage of elderly and lower percentage of children in Sebastopol, the median age in 1980 was 34.4 versus a county-wide median of 31.8 years.

Handicapped Population

The California Department of Rehabilitation has estimated that 7.7 percent of the County's population had some form of physical or mental disability in 1981.² Approximately 3.3% of the population have some form of muscular-skeletal disability, while another 1.2 percent have cardiovascular disabilities. These particular types of handicaps are often associated with elderly populations and generally indicate a need for certain social services, wheelchair access and units in close proximity to public facilities. Because Sebastopol has a greater percentage of elderly than the County average, the number of persons with these types of disabilities could be significantly higher. While the affordability problems of this particular group are difficult to assess based on available data, there are undoubtedly affordable housing needs for handicapped persons. The special needs of handicapped persons should be addressed in affordable housing programs and programs addressing the needs of elderly populations.

Ethnic Characteristics

Sebastopol's population is predominantly Caucasian, comprising 96.1 percent of the population. Other ethnic groups include; Asian 1.9%, Native American 1.3%, Black .4% and other .3%. Of the total population, 5.3 percent were of Spanish origin-the most significant minority population in the County.

TABLE 6

ETHNIC CHARACTERISTICS

ETHNIC GROUP	PERCENT OF TOTAL POPULATION	
	Sebastopol	SONOMA COUNTY
Black	.4	1.2
Native American	1.3	1.2
Asian	1.9	1.7
Other	.3	2.7
SubTotal	3.9	6.8
White	96.1	93.2
TOTAL	100.0	100.0
Spanish Origin	5.3	6.9

Source: 1980 U. S. Census

Employment

Employed residents of Sebastopol totaled 2,397 in 1980, working predominantly in Retail Trade 15.6%, Manufacturing 13.5% and Construction 10.0%. Other major employment sectors include Health, Education, Finance, Insurance and Real Estate Services as shown in Table 7.

Approximately 13.5 percent of the planning area's population commutes out-of-county to work.³ According to the 1975 Special Census, an estimated 36.4% of the primary wage earners and 14.7% of the secondary wage earners in Sonoma County commute to Santa Rosa. With the expansion of Hewlett Packard, Optical Coating and other currently planned facilities in the Santa Rosa Area, employment opportunities are projected to increase faster than any other area in the nine-county San Francisco Bay Region.⁴

Table 8 provides a comparison of basic employment by industry for the ABAG region. Service industries are the largest aggregate employment sector in Sebastopol comprising 35.6 percent of the total employment compared to 24.6 percent for the County and 27.7 percent for the San Francisco Bay Region. Manufacturing and Wholesale industries provided 18.5 percent of the total employment for Sebastopol, capturing 21 percent of the workforce for the County and 24.1 percent of the total regional employment. Agriculture continues to provide for 13.3 percent of the employment in the Sebastopol Planning Area while only 2.2 percent are engaged in agriculture within the City of Sebastopol.

There has been minimal industrial development within the community in recent years. Many apple processing canneries located within the City have shut down. The recently formed Sebastopol Community Development Agency is addressing redevelopment of the cannery area and most of the downtown/commercial areas of the City in a Plan to be formulated in coming months. The increase in commercial and industrial growth as a result of redevelopment activities⁵ is likely to increase the ratio of resident-employees to commuters.

Unemployment in Sonoma County is summarized in Table 9. Since 1980, unemployment has increased from 7.1 percent to a peak of 10.3 percent in 1982 and has fallen off to 8.1 as of March 1984.⁶ Many of the workers in Sonoma County are seasonally employed and heavily dependent on the harvest season and other seasonal industries, although migrant workers generally live on the farms in unincorporated areas outside the city limits.

Approximately 91.5 percent of the working population has no work disability. Of the remaining workforce, 3.4 percent is prevented from working, 0.9 percent is not prevented and 4.3 percent consists of disabled persons who are currently in the labor force. Of the total population, approximately 3.6 percent have public transportation disabilities with the majority of these disabilities relating to senior citizens as shown in Table 11.

TABLE 7

1980 EMPLOYMENT BY INDUSTRY FOR SEBASTOPOL RESIDENTS

INDUSTRY	NO. OF WORKERS	PERCENT OF TOTAL
Agriculture, Fishing & Mining	59	2.5
Business & Repair Services	132	5.5
Construction	240	10.0
Education Services	215	9.0
Finance, Insurance & Real Estate	230	9.6
Health Services	231	9.6
Manufacturing	323	13.5
Other Professional Services	112	4.7
Personal & Recreation Services	164	6.8
Public Administration	112	4.7
Retail Trade	373	15.6
Transportation, Communications & Utilities	87	3.6
Wholesale Trade	119	5.0
TOTAL	2,397	100.0

Source: 1980 U. S. Census

TABLE 8

COMPARISON OF REGIONAL EMPLOYMENT

BASIC EMPLOYMENT	PERCENT OF TOTAL POPULATION			
	Sebastopol	SPHERE	SO COUNTY	ABAG REGION
Agriculture & Mining	2.5	13.3	6.5	1.5
Mfg. & Wholesale	18.5	19.7	21.0	24.1
Retail	15.5	21.3	21.3	15.7
Services	35.6	29.8	24.6	27.7
Other*	27.9	15.9	26.7	31.0

Sources: 1980 U.S. Census
ABAG, "83 Projections"

* Includes Construction, Transportation, Communication, Utilities, and Public Administration

TABLE 9

UNEMPLOYMENT

YEAR	SONOMA COUNTY
1980	7.1%
1981	8.0
1982	10.3
1983	9.1
JAN 1984	8.9
FEB 1984	8.9
MAR 1984	8.1

Source: State Employment Development Department

TABLE 10

WORK DISABILITY

WORK DISABILITY	NO. OF PERSONS	PERCENT OF TOTAL WORKFORCE
In Labor Force	141	4.3
Prevented from working	110	3.4
Not Prevented	28	.9
No Work Disability	2,994	91.5
TOTAL	3,273	100.0

Source: 1980 U.S. Census

TABLE 11

PUBLIC TRANSPORTATION DISABILITY

AGE GROUP	NO. OF PERSONS	PERCENT OF TOTAL POPULATION
16 TO 64	38	.9
65+	16	2.7
TOTAL	154	3.6

Source: 1980 U.S. Census

Projections

According to a recent report from the Association of Bay Area Governments (ABAG), Sonoma County is projected to be the fastest growing county in the San Francisco Bay Region accompanied by the highest growth rate in jobs. While most of this growth is projected to occur in Santa Rosa and southern Sonoma County, Sebastopol's proximity to these urban areas will attract a portion of this growth. Table 12 summarizes population, housing and employment projections for Sebastopol.

Sebastopol's projected population for 1985 includes the unincorporated portion of the Sebastopol Planning Area. An additional 1980 population of 1,816 persons and 540 households occupy the estimated 800 acres of unincorporated land within the Sebastopol Sphere of Influence. Since 1980, only 13.5 acres of land have been annexed to the City; therefore, the 1985 projections contained in the ABAG report are somewhat misleading. Within the incorporated city limits, the 1985 population is expected to exceed 6,000 people by the end of this year with approximately 2,565 occupied households. The number of jobs is difficult to estimate and could be much lower due to the decline in local agricultural production.

TABLE 12

POPULATION, HOUSEHOLD & EMPLOYMENT PROJECTIONS

PROJECTIONS	1980	Sebastopol		SPHERE OF INFLUENCE		
	CITY LIMITS	1980	1985	1990	1995	2000
Population	5595	7411	7700	8300	8900	8800
Household Population	5405	7252	7500	8000	8600	8500
Occupied Households	2358	2898	3010	3350	3680	3740
Total Employment	2397	3165	3400	3700	4100	4400
Persons Per Household	2.29	2.50	2.49	2.39	2.34	2.27

Source: ABAG, "Projections 83"

The 1990 projections contained in the ABAG report predict a 48.3 percent increase in population from 1980. This appears comparable to the growth experienced in the 1970's as shown in Table 3. The projected population for 1990 is 8,300 people growing to 8,800 by the year 2000.

Local employment is projected to add approximately 1300 jobs to the 1980 employment figures over the next decade, with major increases in retail, services, manufacturing and wholesale industries. Agricultural industries within Sebastopol's Sphere of Influence are projected to provide continued employment near present levels through the end of the century.

HOUSEHOLD CHARACTERISTICS

As a rural community, the median household income in Sebastopol is lower than the state median and also lower than much of Sonoma County. Sebastopol's median household income was \$14,647 in 1980, compared to the County's median income of \$17,734. While the ABAG region has a higher median income than both national and state averages, Sonoma County residents earn 14% less than the average for the San Francisco Bay Area. In comparison, Sebastopol's residents earn 17% less than the County median income and 29% less than that of the Bay Region. The lower income level of Sebastopol's residents reflects the high percentage of elderly households and those living on fixed incomes.

Income categories for Sebastopol are calculated with respect to the median income for the San Francisco Bay Region to include the localities share of the regional housing need. A comparison of the distribution of households by income level is shown in Table 14. According to these figures, 1,301 households (55%) in Sebastopol are classified as lower income, with the majority of these households (875) in the very low income category. An additional 497 households (21%) have moderate incomes with 568 (24%) in the upper income group. These figures illustrate that in comparison to the regional distribution, Sebastopol is highly impacted with lower income households.

The classifications of very low, low and moderate income are used by various state and federal agencies to allocate eligibility for housing assistance programs. These income groupings are adjusted for household size and are defined in relation to the County median income for the purpose of administering the various housing programs. The State Department of Housing and Community Development (HCD) has defined income levels as follows:

<u>INCOME CATEGORY</u>	<u>DEFINITION</u>
Very Low Income	Less than 50% of the county median income.
Low Income	Between 51% and 80% of the county median income.
Moderate Income	Between 81% and 120% of the county median income.
Above Moderate	Above 120% of the county median income.

TABLE 13
COMPARISON OF INCOME LEVELS

INCOME LEVEL	SEBASTOPOL	SONOMA COUNTY	AGAG REGION	STATE	NATION
Median Household Income	\$14,647	\$17,734	\$20,607	\$18,170	\$16,830

Source: 1980 Census

TABLE 14
HOUSEHOLD INCOME CHARACTERISTICS

INCOME LEVEL	SEBASTOPOL	SONOMA COUNTY	ABAG REGION
Median Household Income	\$14,647	\$17,734	\$20,607
Very Low Income Less than \$10,304	875 (37%)	28%	23%
Lower Income \$10,305 to \$16,486	426 (18%)	19	16
Moderate Income \$16,487 to \$24,728	497 (21%)	22	21
Above Moderate Above \$24,728	568 (24%)	31	40

Source: ABAG, "Housing Needs Determinations San Francisco Bay Region", July 1983

SPECIAL NEEDS

Elderly and Handicapped Households

As discussed earlier, elderly residents comprise a significant portion of the population in Sebastopol. Of the total households, 30.9% are occupied by senior citizens. Approximately 100 senior households in Sebastopol were living below the federally established poverty level as reported in the 1980 Census, with an additional 77 senior households below 124% of poverty level. The poverty level used by the U. S. Census Bureau is less than HUD's eligibility limits for low and moderate income families by a factor of 200 percent.⁸

Another indicator of the affordable housing needs of the elderly is the fact that 1,700 elderly persons are currently on the Sonoma County Housing Authority's waiting list for Section 8 rental assistance. Burbank Heights, a low income senior housing apartment complex in Sebastopol, has a waiting list of six months to one year with 138 units currently occupied. Other special needs shared by elderly and handicapped households is the physical accessibility of housing units. Accessible units without stairs or other physical barriers, and proximity to shopping, public transportation and community services, are important considerations for both elderly and handicapped persons.

Families and Female Headed Households

The number of households with female heads are shown in Table 16. Of the total households in Sebastopol, 9.6 percent are families with female heads. Many of these families experience discrimination and affordability problems. Of the total families, 4.1 percent are below poverty level with over half of these families headed by females. Of those families below poverty level, an estimated 90 households have children. Approximately 5.8 percent of the total households in Sebastopol are non-families below the poverty level, comprising a total of 235 (9.9%) households living in poverty. An additional 140 households (5.9%) are classified as being within 100 to 124% of poverty in the 1980 U.S. Census, as shown in Table 15.

Large Families and Overcrowding

The majority of households in Sebastopol are one and two-person households (66 percent of the total), another 27.5 percent are small families (3-4 persons), and the remaining 6.4 percent are large families. This is in contrast to county-wide figures which show 59.4 percent of all households as one and two person households, 30.7 as small families and 9.9 percent as large families.

According to 1980 Census figures, there are 179 occupied housing units with 4 or more bedrooms and 151 households with 5 or more persons in Sebastopol. These figures illustrate the problem of the

"empty nest" household, where parents whose children have left home continue to occupy a 3 or 4 bedroom home. This imbalance between household size and housing unit size parallels the problem of overcrowded housing units. The State's Housing Element Guidelines define "overcrowding" as 1.01 or more persons per room. According to the 1980 Census, 2.1 percent of the total households in Sebastopol are overcrowded (approximately 50 units). Because there appears to be sufficient housing stock to meet the needs of large families in Sebastopol, the problems posed by this imbalance can be addressed by the shared housing concept, whereby two small households occupy one large unit. Second dwelling units, or "granny units" represent another approach to this problem, and can help to address the needs of elderly households.

Minority Households

In 1980, there were 145 minority households in Sebastopol comprising 6.2 percent of the total households (1.9 % Asian and 4.3% Spanish). The 1980 Census reported that 12 of the Asian households and 37 of the Spanish households in Sebastopol were lower income households. The Housing Assistance Plan for Sonoma County estimates that 18 percent of the minority population earn annual incomes below the poverty level. Because of the substantial agricultural economy that surrounds Sebastopol, it is likely that many of these households are migrant farmworkers. The housing needs of farmworkers are difficult to define in quantitative terms due to the seasonal and migratory nature of farmworker employment, the large percentage of immigrants in the farm labor force, and the nature of the housing that is provided for this group.

Housing Discrimination and Homeless Persons

Although housing discrimination is unconstitutional, there are many reports of continuing problems in this area (primarily involving rental housing). Since 1981, the Sonoma County Housing Authority has contracted with the Sonoma County Rental Information and Mediation Services, Inc. (SCRIMS) to provide housing services on a county-wide basis including: 1) rental information to tenants and landlords; 2) dispute mediation services for tenants and landlords; and, 3) aid in completing housing discrimination complaints. In the last year SCRIMS has served a total of 2,029 clients (82 percent of which were lower income) and handled 16 housing discrimination complaints. The City of Sebastopol continues to provide a referral service to this agency when landlord/tenant conflicts arise.

Another special need which must be addressed in the Housing Element is the growing numbers of homeless persons needing emergency shelter. Sebastopol has not experienced any significant problems in this area and has not been able to document a need for emergency shelters. However, the City will assist homeless persons by referral to the appropriate agencies who provide emergency shelters.

TABLE 15

SPECIAL NEEDS OF HOUSEHOLDS

HOUSEHOLDS	BELOW POVERTY		100 TO 124 % OF POVERTY		125% OR MORE OF POVERTY		TOTAL HOUSEHOLDS	
	# OF HH	(%)	# OF HH	(%)	# OF HH	(%)	# OF HH	(%)
HOUSEHOLDER 15-64								
Families	91	(3.8)	22	(.9)	1,032	(43.6)	1,145	(48.4)
Non Families	44	(1.9)	41	(1.7)	405	(17.1)	490	(20.7)
SUB TOTAL	135	(5.7)	63	(2.6)	1,437	(60.7)	1,635	(69.1)
HOUSEHOLDER 65+								
Families	6	(.3)	0	(-)	332	(14.0)	338	(14.3)
Non Families	94	(4.0)	77	(3.3)	222	(9.4)	393	(16.6)
SUBTOTAL	100	(4.3)	77	(3.3)	554	(23.4)	731	(30.9)
TOTAL	235	(9.9)	140	(5.9)	1,991	(84.2)	2,366	100.0
Source: 1980 Census								

TABLE 16

FAMILIES, NON FAMILIES AND FEMALE HEADED HOUSEHOLDS

PRESENCE OF CHILDREN	FAMILIES W/ FEMALE HEADS		TOTAL FAMILIES		NON FAMILIES		TOTAL HOUSEHOLDS	
	# HH	%	# HH	%	# HH	%	# HH	%
BELOW POVERTY								
w/children	44	(1.9)	90	(3.8)			90	(3.8)
w/o children	7	(.3)	7	(.3)	138	(5.8)	145	(6.1)
SUBTOTAL	51	(2.2)	97	(4.1)	138	(5.8)	235	(9.9)
ABOVE POVERTY								
w/children	130	(5.5)	695	(29.4)			695	(29.4)
w/o children	47	(2.0)	691	(29.2)	745	(31.5)	1436	(60.7)
SUBTOTAL	177	(7.5)	1386	(58.6)	745	(31.5)	2131	(90.1)
TOTAL	228	(9.6)	1483	(62.7)	883	(37.3)	2366	(100.0)

Source: 1980 U. S. Census

TABLE 17

PERSONS PER UNIT BY TENURE

PERSONS PER UNIT	OWNER OCCUPIED		RENTER OCCUPIED		TOTAL OCCUPIED	
	# OF UNITS	(%)	# OF UNITS	(%)	# OF UNITS	(%)
One Person	313	(13.3)	463	(19.6)	776	(32.9)
Two Persons	499	(21.2)	282	(12.0)	781	(33.1)
Three Persons	208	(8.8)	156	(6.6)	364	(15.4)
Four Persons	191	(8.1)	95	(4.0)	286	(12.1)
Five Persons	67	(2.8)	32	(1.4)	99	(4.2)
Six or More Persons	35	(1.5)	17	(.7)	52	(2.2)
TOTAL	1,313	(55.7)	1,045	(44.3)	2,358	100.0
1.00 Person per room	1,297	(55.0)	1,011	(42.9)	2,308	(97.9)
1.01 to 1.50	14	(.6)	21	(.9)	35	(1.5)
1.50 or more	2	(.-)	1	(.6)	15	(.6)
Mean Persons Per Unit						2.29
Median Persons Per Unit						2.02

Source: 1980 U. S. Census

TABLE 18

ETHNIC CHARACTERISTICS OF HOUSEHOLDS

HOUSEHOLD TYPE	ASIAN		SPANISH		WHITE		TOTAL	
Married w/children	19	(.8)	18	(.8)	563	(23.8)	582	(24.6)
Married w/o children	6	(.3)	8	(.3)	615	(26.0)	629	(26.6)
Male Head w/children					23	(1.0)	23	(1.0)
Male Head w/o child.					21	(.9)	21	(.9)
Female Head w/child.	6	(.3)	26	(1.1)	152	(6.4)	168	(7.1)
Female Head w/o child.					60	(2.5)	60	(2.5)
Non Family	13	(.5)	49	(2.7)	847	(35.8)	883	(37.3)
TOTAL	44	(1.9)	101	(4.3)	2281	(96.4)	2366	100.0

HOUSING CHARACTERISTICS

Age and Condition of the Housing Stock

Nearly 25 percent of Sebastopol's housing stock is over 45 years old, while a significant portion of the stock (39.5%) is less than 15 years of age. The construction boom of the 1970's, induced by the largest population growth in the community's history, is evidenced by the dramatic 49.4 percent increase as shown in Table 19.

The age of the housing stock has important implications with regard to the condition of the units. In addition to wear and tear from weather and use, many older homes do not conform to current building codes and structural safety standards. A windshield survey conducted in May of 1980 identified 102 deteriorated units and 6 dilapidated units needing rehabilitation—approximately 4 percent of the total housing stock.¹⁰ Figure 3 illustrates the general locations of units identified in the survey. Many of these units have been rehabilitated under the City's targeted program.

TABLE 19

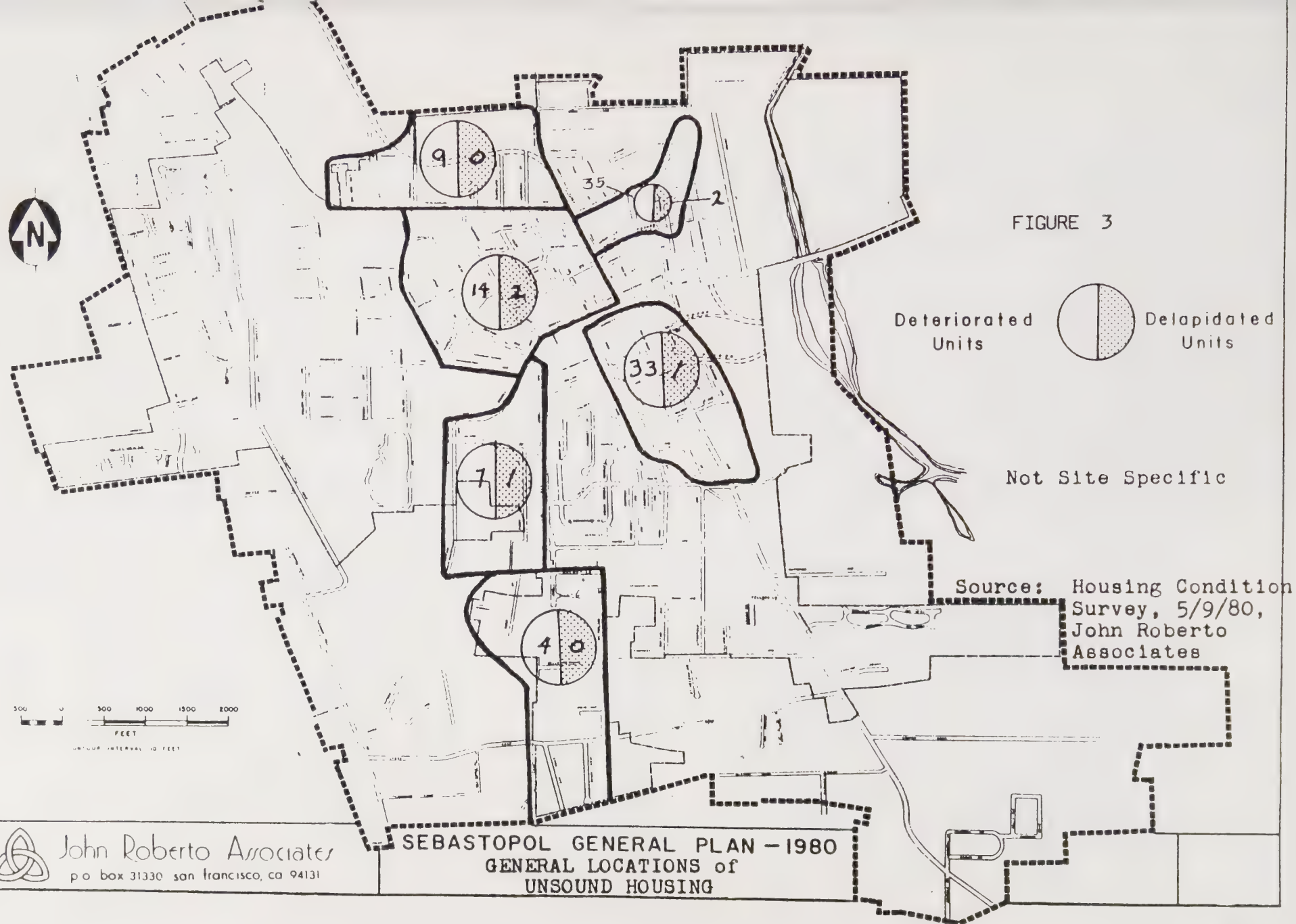
AGE AND GROWTH OF THE HOUSING STOCK

PERCENT YEAR BUILT	UNITS CONSTRUCTED	PERCENT INCREASE	TOTAL UNITS	OF TOTAL
1939 or earlier	672	-	672	24.9
1940-1949	258	38.4	930	9.6
1950-1959	283	30.4	1213	10.5
1960-1969	416	34.3	1629	15.0
1970-1979	805	49.4	2434	29.8
1980	54	2.2	2488	2.0
1981	66	2.7	2554	2.4
1982	35	1.4	2589	1.3
1983	93	3.6	2682	3.4
1984*	16	.6	2698	.6
TOTAL	2698		2698	100.0

Sources: U.S. 1980 Census

City of Sebastopol, Statistical Reports, October 1983 & May 1984

*First 5 months



The City's Building Inspector estimates that 10 percent of the owner-occupied single family units (approximately 118 units) need major rehabilitation to correct poor wiring, faulty plumbing, cracked foundations, or leaking roofs. In addition, many neighborhoods have older septic systems which do not meet current health standards. Most of these units are within the Community Development Project Area and older sections of the City that are targeted for rehabilitation activities. Regular inspections of multi-family units by the City's Fire Marshall and Building Inspector have revealed that the City's rental stock is in very good condition with an estimated 1 percent needing minor renovation (approximately 6 units).¹¹

Since 1980, 13 units have been rehabilitated via the City's targeted programs, and numerous infrastructure improvements have been completed in low and moderate income neighborhoods. One of the goals of Sebastopol's Community Development Agency is to assist in the rehabilitation of existing older housing throughout the community. There are no plans for the Agency to remove or displace any low or moderate income housing from the Project Area, but rather to conserve these units as an existing supply of affordable housing.

Type and Tenure of Units

Year-round housing units by type and tenure are shown in Table 20. Approximately 56 percent of the total occupied housing units are owner occupied, while 44 percent are renter occupied. Sebastopol has a significantly higher percentage of renter occupied units compared to the County average of 34 percent. Slightly more than half of the renter occupied units (52%) are attached dwellings (including condominiums) while 48 percent are detached single family.

TABLE 20

YEAR-ROUND HOUSING UNITS BY TYPE AND TENURE

TYPE OF UNIT	TOTAL OCCUPIED		OWNER OCCUPIED		RENTER OCCUPIED	
	# OF UNITS	(%)	# OF UNITS	(%)	# OF UNITS	(%)
Single Family Detached	1,584	(67.2)	1,178	(50.0)	406	(17.2)
Single Family Attached	106	(4.5)	20	(.8)	86	(3.6)
Duplex (2 Units)	122	(5.2)	22	(.9)	100	(4.2)
Multi-family 3-4 Units	92	(3.9)	6	(.3)	86	(3.6)
5 or more Units	391	(16.6)	24	(1.0)	367	(15.6)
Mobile Homes	63	(2.7)	63	(2.7)	0	(-)
TOTAL	2,358	(100.0)	1,313	(55.7)	1,045	(44.3)

Source: 1980 U.S. Census

Availability

Another factor which affects the affordability of the housing stock is the availability of the units. The housing market in Sebastopol is characterized by very low vacancy rates of 2.2 percent for-sale and .9 percent for-rent in 1980. The State Department of Housing and Community Development describes optimal vacancy rates of 2.0 percent for-sale and 6.0 for-rent percent as providing an adequate choice in the available housing stock. In 1980, there was an adequate choice for home-buyers in Sebastopol, but for renters the choice was severely limited. In addition to the high percentage of renters needing assistance, there is a need to expand the supply of rental units in Sebastopol to provide a more adequate choice in rental housing.

A more recent survey conducted by City staff has revealed a tightening of the housing market, with a 0.7 percent vacancy for rental units in 1984.¹² Another survey published annually by the Federal Home Loan Bank identified a 0.7 percent vacancy rate for both single family and multi-family units in Sebastopol; the resultant 1.4 percent vacancy rate was found to be the lowest in Sonoma County.¹³ This represents a 55 percent decrease from the 1980 available rate of 3.1 percent. Construction starts were down during the recessionary period from 1980-82 causing the vacancy rate to drop from the 1980 Census figures. These tight market conditions indicate a strong demand for new construction in both rental and single family markets.

TABLE 21

VACANCY AND TENURE OF UNITS

TENURE	PERCENT OF TOTAL	
	SEBASTOPOL	SONOMA COUNTY
Owner Occupied	53.2	58.8
Renter Occupied	42.4	33.7
TOTAL OCCUPIED	95.6	92.5
Vacant For Sale	2.2	1.3
Vacant for Rent	.9	1.1
TOTAL AVAILABLE	3.1	2.4
Occasional Use	.5	3.4
Other Vacant	.8	1.7
TOTAL VACANT	4.4	7.5

Source: 1980 U.S. Census

Projected New Construction Needs

The projected new construction need for Sebastopol for the period from 1980 to 1990 is 495 new units. This projected housing need includes the number of units calculated as the 1980 "existing need" plus the number required to provide for the projected household growth, and at the same time allows for an optimal vacancy rate to keep the market in balance. Table 22 summarizes the projected distribution of housing types and owner/renter mix provided in the ABAG report.

TABLE 22

1980-1990 PROJECTED HOUSING NEED BY TYPE AND TENURE

TYPE OF HOUSING UNITS						TENURE OF UNITS			
SINGLE FAMILY		MULTI FAMILY		MOBILE HOMES		OWNER		RENTER	
355	(72%)	127	(26%)	13	(2%)	277	(56%)	218	(44%)

Source: ABAG, "Housing Needs Determinations", 1983

Based on the Department of Finance summary reports and City records regarding the type of units constructed over the past 5 years, the five-year projected distribution of housing types and owner/renter mix was derived as follows:

191	Single Family Detached Units	148	Owner-Occupied
59	Multi-family Units	115	Renter Occupied
13	Mobile Homes		
263	Total Units	263	Total Units

Projected Housing Need by Income Level

In order to determine the number of units required to fulfill the needs of all income groups for Sebastopol, the locality's projected housing needs were allocated by income category according to the percentages contained in the recent ABAG Housing Needs Determinations Report. The intent of the regional allocation is "to avoid further impaction of localities with relatively high proportions of lower income households".¹⁴ The distribution of projected needs allocates a lower percentage (29%) to very low income and a higher percentage

(32%) to above moderate income groups than the 1980 distribution of 37% very low income and 24% above moderate income. ABAG establishes these projected figures by weighting the average distribution for each city, county and region.

While it is important to include the regional allocation in evaluating the community's projected housing needs, it is recognized that the total housing needs may exceed available resources and the community's ability to satisfy this need within the content of the general plan requirements. The quantified objectives need not be identical to the identified housing needs, but should establish the maximum number of housing units that can be constructed, rehabilitated, and conserved over a five-year time frame.

TABLE 23

1980-1990 PROJECTED HOUSING NEED BY INCOME CATEGORY

=====	=====	=====
INCOME GROUP	NO. OF HH	PERCENT
=====	=====	=====
Very Low	144	29
Low	89	18
Moderate	104	21
Above Moderate	158	32
TOTAL	495	100

=====

Source: ABAG, "Regional Housing Needs Determinations", 1983

Since 1980, 232 new units have been constructed, including 18 low income rental units, leaving a remaining new construction need for the five-year period from 1985 to 1990 of 263 new units. This would require an average annual construction of 53 units per year which appears consistent with recent construction trends in Sebastopol. Using the Department of Finance summary reports and City records to estimate the affordability of recently constructed units, a breakdown of the 5 year projected new construction need was determined as follows:

TABLE 24

5 YEAR PROJECTED NEW CONSTRUCTION NEEDS BY INCOME LEVEL

INCOME LEVEL	1980-1990 PROJECTED NEED	1980-1984 UNITS BUILT	1985-1990 PROJECTED NEED
Very Low Income	144	18	126
Low Income	89	32	57
Moderate Income	104	39	65
Above Moderate	158	143	15
Total Units	495	232	263

Source: ABAG's, "Housing Needs Determinations", July 1983
DOF, Population and Housing Estimates, Jan 1984
City Records of Building Activity 1-84 to 7-84

These projected figures do not include losses resulting from demolitions or conversions which are anticipated in the community. Only two units have been demolished over the past four years. This would increase the 5-year new construction need to 265 units. No conversions or condemnations have been proposed or are anticipated over the next five years as the City's policy has been to encourage the rehabilitation of the existing housing units as a means of conserving the supply of affordable housing stock.

Most of the new units constructed since 1980 have been detached single family and condominium units affordable only to above moderate income groups. Recent trends in development activity indicate a renewed interest in multi-family and rental housing - evidenced by the fact that some of the projects currently in the planning process have included units for low and moderate income households as a bonus incentive to obtain higher densities.

Overpayment

In order to further evaluate the affordability of the existing and projected housing needs in Sebastopol it is necessary to analyze the relationship between monthly housing costs and the ability of households to pay such costs. Table 25 provides an overview of affordable housing costs for Sebastopol based on the assumption that no more than 30% of a households income should be spent on housing.

TABLE 25

AFFORDABLE MONTHLY HOUSING COSTS BY INCOME LEVEL

INCOME LEVEL	MAXIMUM GROSS MONTHLY INCOME	AFFORDABLE MONTHLY PAYMENT OR RENT	MAXIMUM LOAN AMOUNT*	
			9%	14%
Very Low	Below \$739	Less than \$222	\$27,500	\$18,700
Low Income	\$740-\$1,182	\$223-\$355	44,100	30,000
Moderate Income	\$1,182-\$1,773	\$356-\$532	66,000	44,900
Above Moderate	\$1,774 or more	\$532 and up	66,000+	45,000+

*Assuming a 30 year fully amortized fixed rate loan

An analysis of the level of payment compared to the ability to pay (as reported in the 1980 U.S. Census) was conducted to determine the number of lower income households who are currently overpaying for housing. For the purpose of this analysis, "overpayment" is defined as households paying more than 30% of their incomes for housing, which is consistent with the standards used by most lending institutions and many state and federal agencies to qualify applicants.

The number of lower income households who are overpaying and therefore may be eligible to participate in state and federal housing assistance programs are provided in Table 26. These figures show that 436 lower income households are overpaying for housing in Sebastopol and that more lower income renters (81.2%) are overpaying for housing than lower income homeowners (18.8%). Because homeowners generally have a higher income level than renters, the percentage of lower-income homeowners that are overpaying is relatively low. These figures indicate a need for rental assistance for lower income households in Sebastopol. Many of these households are minority, female headed and/or elderly households as noted previously. The City should coordinate with the Sonoma County Housing Authority to ensure that Sebastopol's eligible households are appropriately represented on the waiting lists for the award of Section 8 certificates.

TABLE 26

LOWER INCOME HOUSEHOLDS PAYING OVER 30% OF INCOME

INCOME LEVEL	RENTERS		OWNERS		TOTAL	
	# OF HH	(%)	# OF HH	(%)	# OF HH	(%)
VERY LOW INCOME HH Less than \$8,867	249	(10.6)	58	(2.5)	307	(13.0)
LOW INCOME HH \$8,868-\$14,187	105	(4.5)	24	(1.0)	129	(5.5)
TOTAL LOWER HH	354	(15.0)	82	(3.5)	436	(18.4)

Source: 1980 U.S. Census

The Sonoma County Housing Authority reports that there are currently 16 Section 8 certificates assisting low income renters in Sebastopol. Section 8 certificates are awarded county-wide over 5 general target areas based on income criteria. The current trend for Sonoma County indicates that 75 new certificates per year could potentially be available. However, Section 8 funds are expected to be cutback, reducing either the number of certificates, or the amount of assistance, or possibly both.

Affordability

Housing affordability is not only a concern for lower income households, but for all economic segments of the community. According to the 1980 Census, 23.5% of all owner-occupied noncondominium units and 49.1% of all renter occupied units were paying more than 30% of their incomes for housing. Table 27 illustrates what Sebastopol residents were paying for housing in 1980.

Although Sebastopol has a high percentage of lower income households, the 1980 Census figures indicate that the existing supply of owner-occupied units provides a source of affordable housing for this group. Approximately 70 percent of the owner-occupied households in Sebastopol have lived in their homes for more than 10 years. The long-term residency of many homeowners in Sebastopol has provided a high percentage of households with no mortgage payments. (Approximately 16% of all households or 34% of all owner-occupied units had no mortgage payments in 1980.)

TABLE 27
MONTHLY COST OF HOUSING

MONTHLY COST MORTGAGE OR RENT	RENTER OCCUPIED		OWNER-OCCUPIED*	
	# OF HH	(%)	# OF HH	(%)
\$100-\$149	187	(19.0)	383	(34.0)
\$150-\$199	83	(8.4)	61	(5.4)
\$200-\$249	93	(9.4)	126	(11.2)
\$250-\$299	267	(27.1)	69	(6.1)
\$300-\$349	107	(10.9)	42	(3.7)
\$350-\$399	111	(11.3)	32	(2.8)
\$400-\$499	95	(9.6)	97	(8.6)
\$500 or more	43	(4.4)	317	(28.1)
Median Monthly Cost		\$274		\$449
Vacant For-Rent Average Cost		\$327		
Median Value Non-condominiums				\$89,185

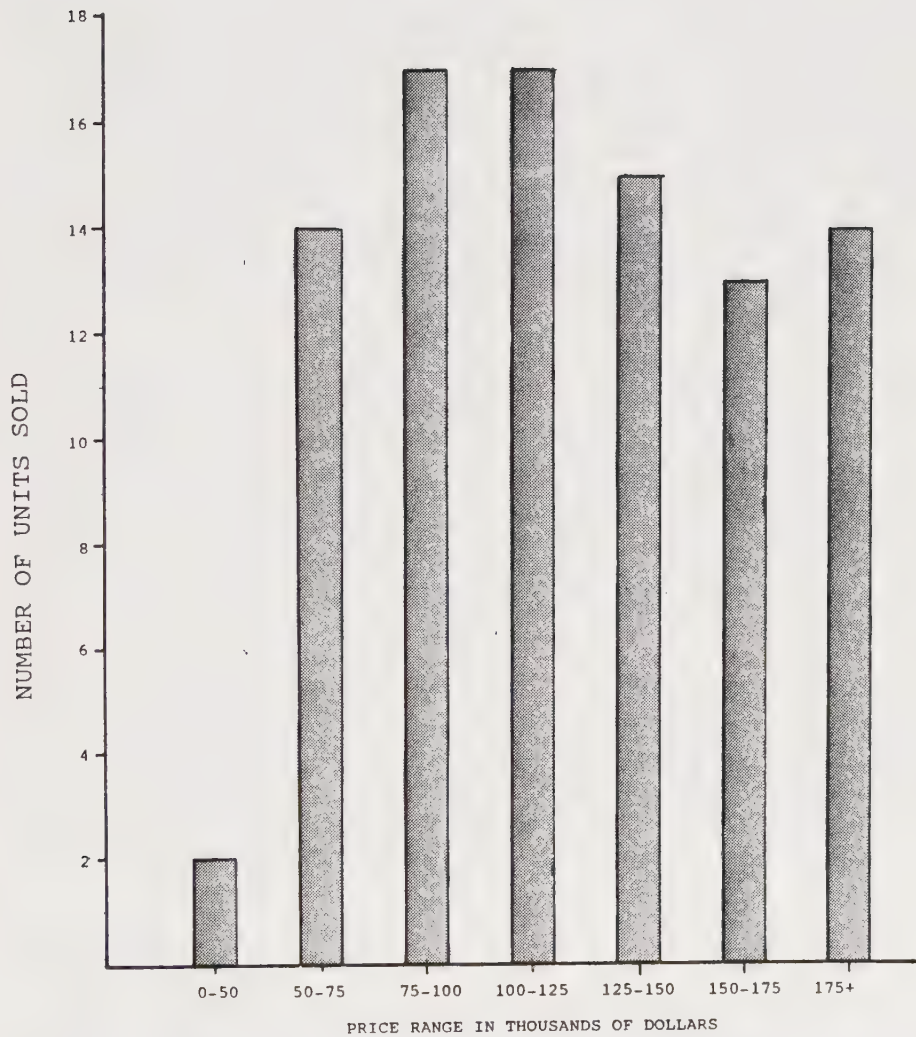
Source: 1980 U.S. Census

* Includes owners who have no mortgages, but are paying monthly costs (for example, space fees in mobile parks).

For homebuyers entering the market today, the costs are much higher. The average price of all units sold in Sebastopol from January 1983 through March 1984 was \$114,950 which is 10 percent higher than the average sales price of \$105,300 in 1980.¹⁵ The average sales price for a condominium unit in 1983 was \$95,085. Figure 4 illustrates the range of prices for housing units sold in Sebastopol in recent years. It is clear from an analysis of home prices compared to the affordable monthly costs that lower income households are precluded from the home buying market and that moderate income households are extremely limited in their choice of available housing.

These figures further indicate that programs targeted for lower income households should focus on the provision of rental units. The average contract rent in 1980 was \$247 per month, which appears affordable to low income households as defined above. However, of all renter-occupied units, only 363 households paid less than the \$249 per month which is affordable to very low income households. With approximately 50% of the renter-occupied units in lower income

FIGURE 4 Home Sales Prices 1983-1984



Source: Sonoma County Assesor's Transfer Journal 83-84 Rolls

brackets, the supply of affordable housing stock for lower income renters is severely limited. Most of the renters in Sebastopol (49.3%) were paying from \$250 to \$400 per month for housing in 1980. A more recent survey of the rental market conducted by City Staff in 1984 revealed rents from \$390 per month for a 1 bedroom unit to \$750 for a 3 bedroom, 2 bath unit.

Mobility and Recycling Trends

The mobility of the population affects the affordability of the existing housing stock in many ways. For example, existing mortgages obtained over 10 years ago have much lower interest rates than could be obtained for a comparable home at current market prices. Those who purchased their homes on fixed rate loans have established affordable monthly housing costs that are less susceptible to inflationary market forces. Home ownership provides a built-in equity savings in response to inflationary trends which gives added protection to these long-term homeowners. Federal income tax laws also favor homeowners over renters by allowing itemized deductions for their interest payments. These factors contribute to lower turnover rates in owner occupied housing, especially for lower income residents and those living on fixed incomes who are generally more restricted in their choice of housing and ability to pay.

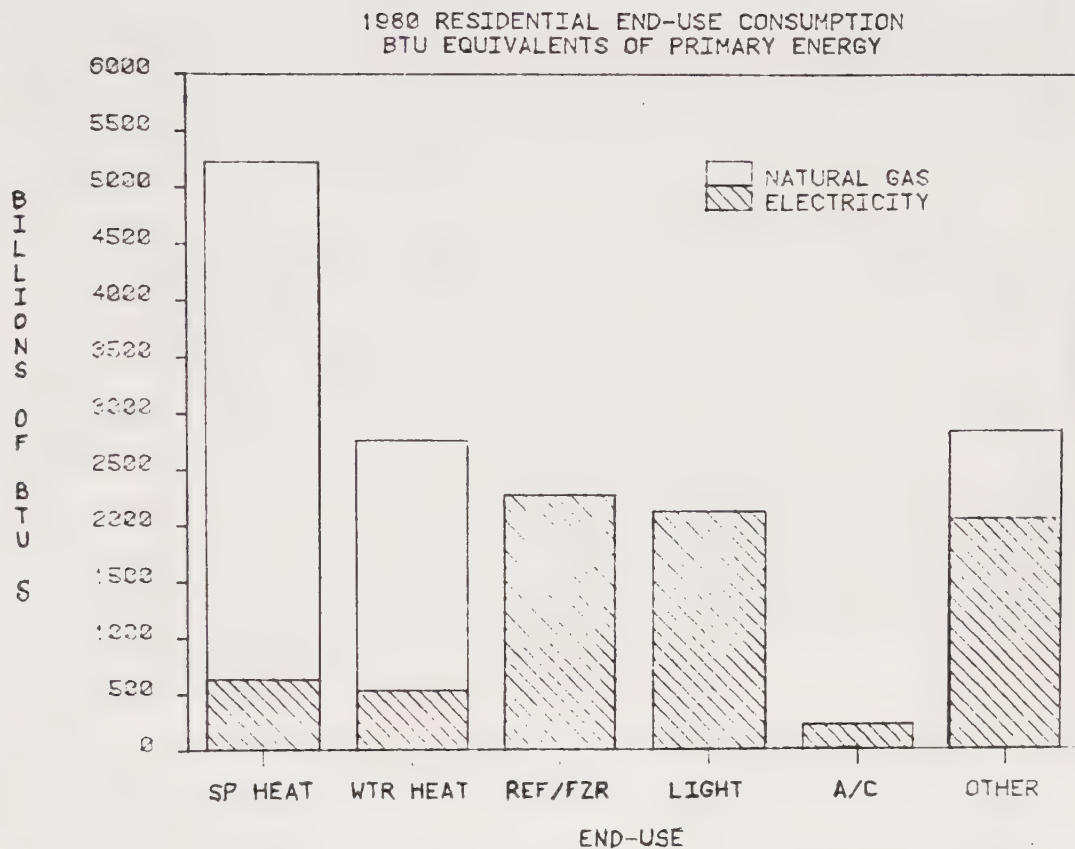
On the other hand, renters are especially vulnerable to escalating housing costs as their tenancy is, for the most part, non-binding. In addition, turnover rates are generally much higher in rental markets while low vacancy rates increase competition for rental housing and cause market rents to rise with the increased demand. Tenants have less control over other costs related to housing, such as energy costs. While homeowners can insulate their homes and install other conservation measures to reduce their utility bills, landlords are often reluctant to invest in these improvements.

Other factors which can affect the affordability of the existing housing stock include conversions of apartments and mobile parks to condominium units. There have not been any condominium conversions in Sebastopol in recent years, however, the City should establish criteria for condominium conversions in order to preserve the affordability of the existing housing stock.

Energy Costs

Energy consumed for household use is primarily in the form of gasoline for vehicles, natural gas and electricity for home space heating and cooling, water heating and appliances as shown in Figure 5. Costs for all three sources are projected to increase faster than overall inflation. Annual real increases (inflation adjusted) are projected for the period from 1980 to 1990 at 7.3% for gasoline, 7%

FIGURE 5 Energy Consumption Patterns



Sources: PG&E utility sales figures, (1979 & 1980 2-yr. average); CEC, Local Energy Planning Handbook, November 1981, Author's calculations, J. Barrett

for natural gas and 1.6% for electricity. Rates for electricity are expected to increase more rapidly beyond 1990.¹⁶

The result of escalating fuel costs is an increasing percentage of a household's income being devoted to energy needs. Of particular concern is the effect on low-income families who will be paying a disproportionate amount of their incomes for energy expenditures. Many of these people cannot afford to insulate their homes, install solar collectors, or buy new, more efficient appliances or vehicles. Ironically, they often occupy older, substandard housing and operate outdated or inefficient appliances and cars.

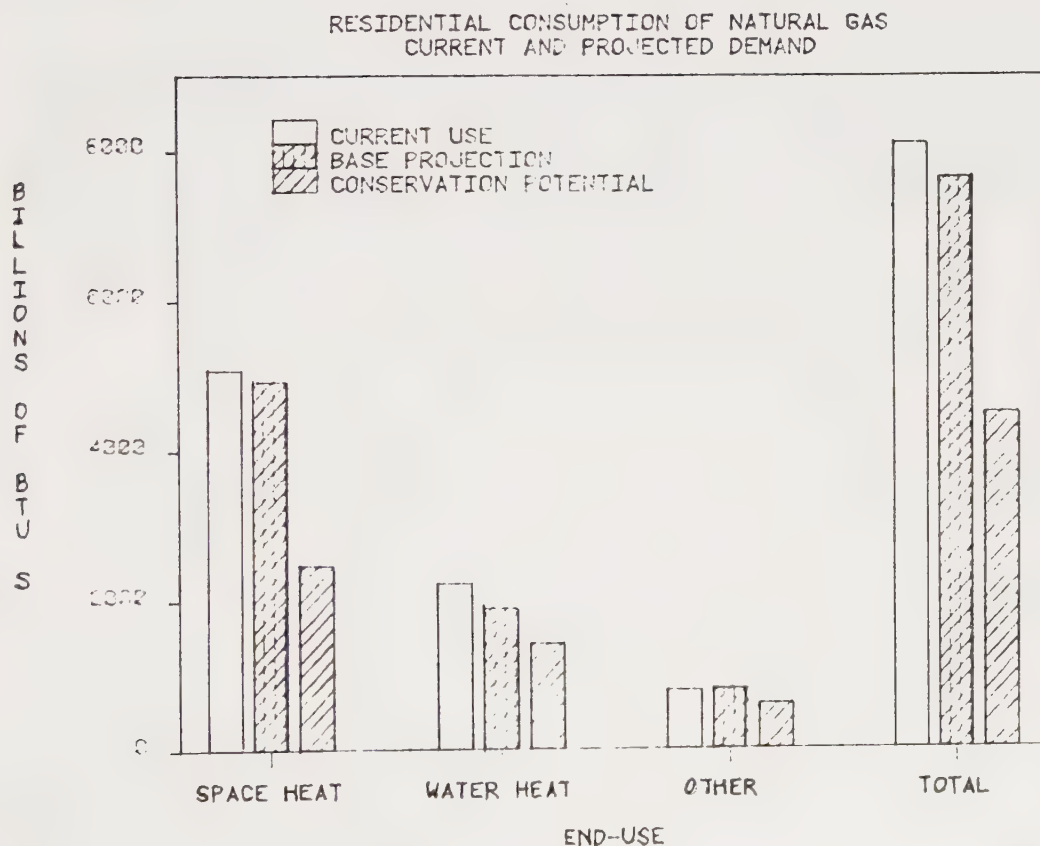
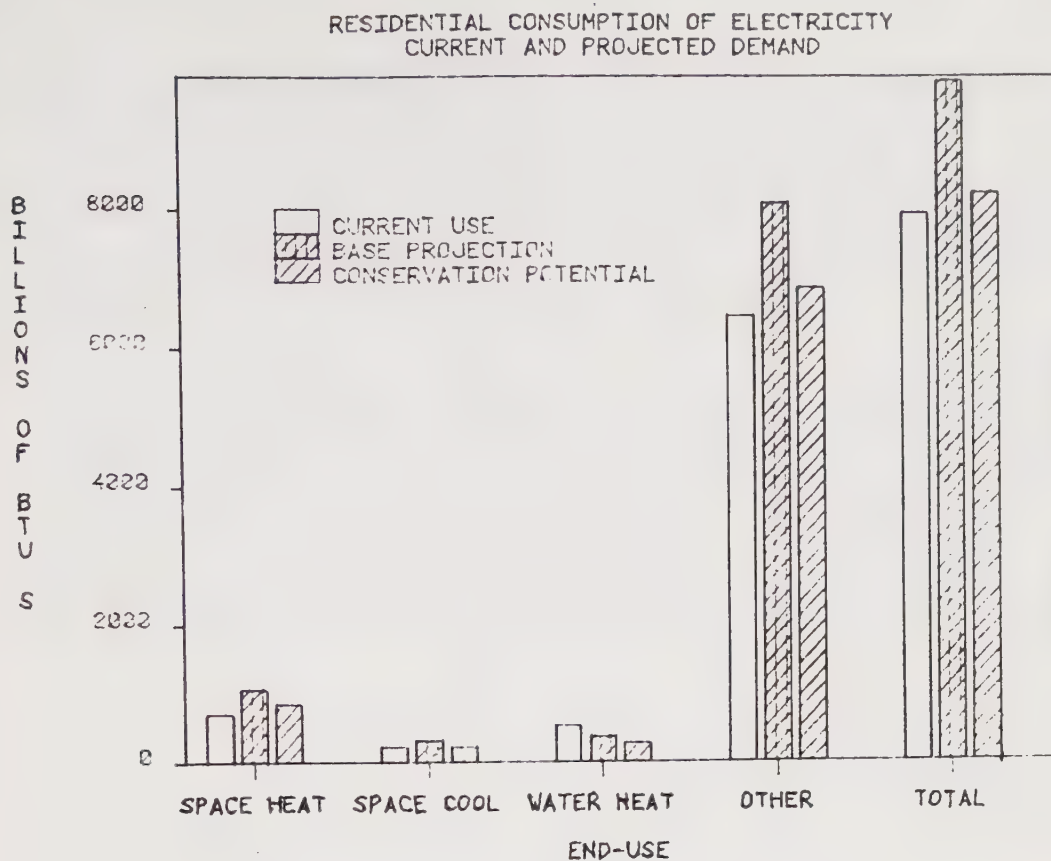
While the effects of State regulations, utility programs and rising fuel costs are expected to reduce the consumption of natural gas and slow the growth in the demand for electricity, a large potential for conservation still remains in improving the energy efficiency of the existing housing stock, the development of solar space and water heating, and the application of mixed use and increased densities to improve energy efficiency.¹⁷

An evaluation of the conservation potential for Sonoma County, emphasizing low cost measures and practices having a simple payback of less than 5 years, indicates that local policies could reduce total residential consumption by approximately 30% over the next decade. The California Energy Commission estimates that 50% of all gas space heating and 20% of all electric space heating can be conserved. Other significant reductions can be achieved in space cooling (30%) water heating (25%) and other uses (15%).¹⁸

Figure 6 illustrates the existing and projected demand for energy in the residential sector over the decade based on two cases. The "base case" represents the projected demand for energy in the absence of any local energy policies, while the "conservation case" illustrates the potential reduction in demand that could be achieved under an active local policy for energy conservation.

The City of Sebastopol has established General Plan objectives to reduce consumption of non-renewable energy sources and encourage the use of alternative energy sources. To further these objectives the City has contracted with private consultants to survey energy use by the local government, recommend measures to reduce municipal energy consumption, and investigate potential energy resource options. Subsequently, an Energy Plan for the City was developed which addresses both municipal energy conservation strategies and community-wide energy programs. Several local policy options have been proposed including: 1) the adoption of energy efficiency standards, solar access guidelines and density bonus incentives for energy saving design features; 2) public education forums, workshops, fairs, and award programs; 3) formation of energy committees and the appointment of a City energy coordinator, and, 4) securing public funding and grants for energy related projects.

FIGURE 6 Projections of Energy Demand for the Residential Sector



Sources: PG&E utility sales figures (1979 & 1980 2-yr. average); CEC, Local Energy Planning Handbook, November 1981, Author's Calculations, J. Barrett

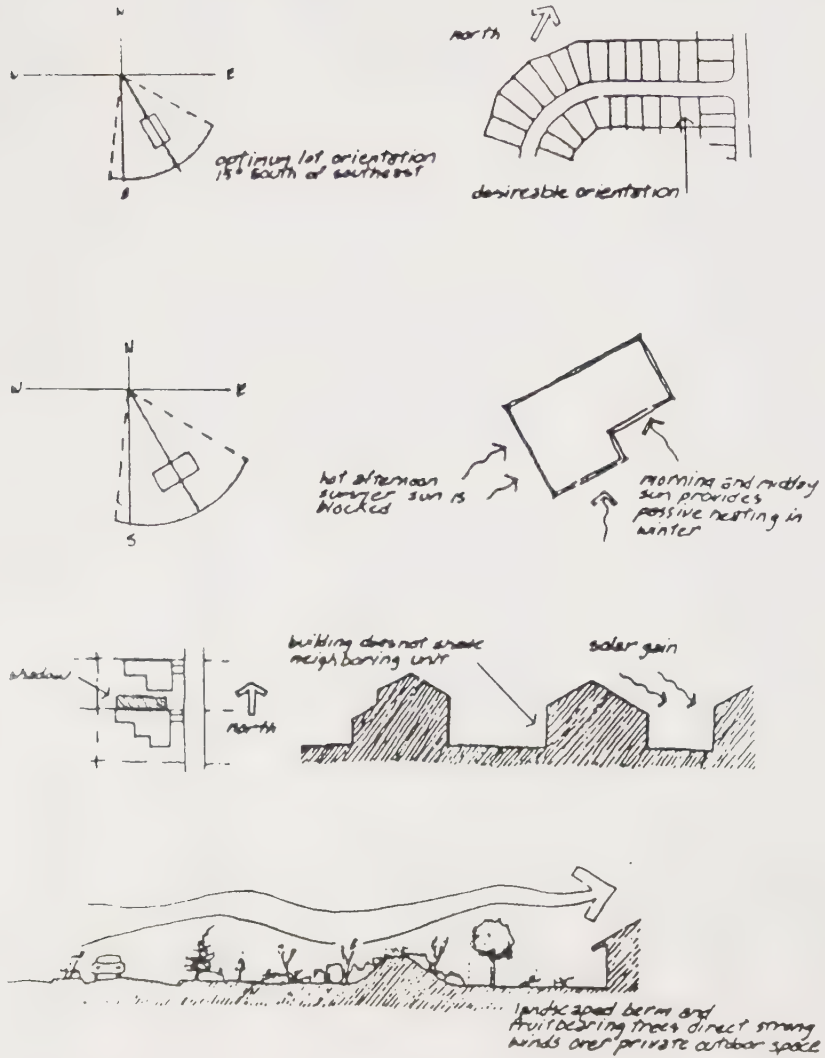
The cost-effectiveness of these programs can be enhanced by working with utilities which offer free energy audits and zero interest loans for conservation measures. The City of Sebastopol has been successful in coordinating Community Development Block Grants with the local utilities zero interest loan program to provide insulation and solar hot water for Burbank Heights, a low income senior housing apartment complex. The City continues to support efforts by community groups to sponsor energy related projects.

The Solar Rights Act of 1978 mandates that local agencies review new subdivision plans to ensure solar access. In particular, the Solar Rights Act requires that tentative subdivision maps provide, to the extent feasible, for future passive or natural heating and cooling of homes. The law further provides for a local government to deny a permit to a subdivision that does not meet these requirements. Local solar access ordinances and site review procedures are a means to implement the provisions of the Solar Rights Act and ensure that new subdivisions do not preclude future solar energy opportunities.

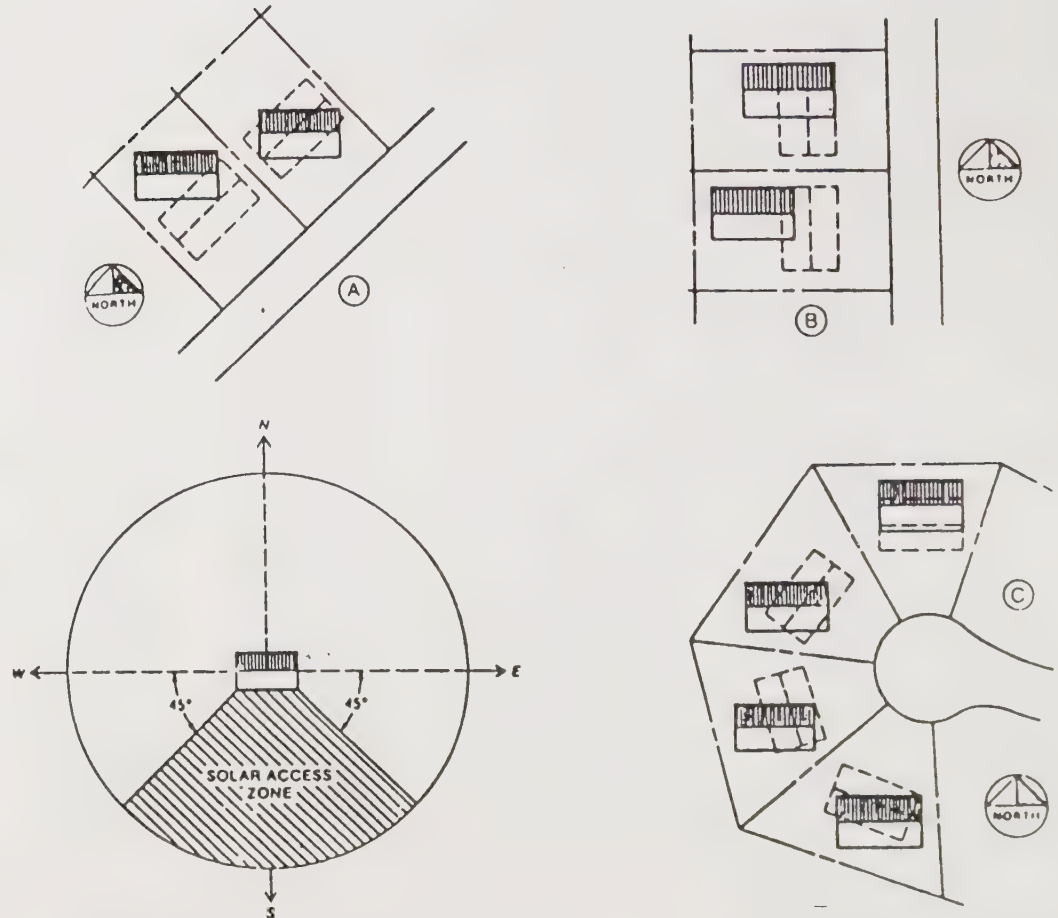
This is particularly important in light of new state building energy standards (Title 24 of the California Administrative Code) for all new homes. Administered by local governments, these standards greatly encourage the use of passive heating and cooling systems, as well as active solar systems. Local governments can ensure that the energy efficiency goals of the Title 24 standards are met by routinely considering the issue of solar access early in the subdivision review and building planning process.

Proper building orientation and lot configurations can maximize the opportunity for solar heating and cooling as shown in Figure 7. Where possible, streets should be oriented to provide the units with south exposure and well landscaped to reduce street glare and provide summer shade. Appropriate setbacks relative to the orientation of the buildings and the placement of landscaping are important considerations to ensure solar access.

Siting for Solar Access



Building Orientation for Solar Design



ANALYSIS OF VACANT LAND

An inventory of vacant land and underdeveloped sites suitable for residential development was compiled from 1983-84 assessors records and 1983 aerial photographs. This information was then field checked and evaluated to identify constraints to the development of housing.

Relationship of Public Facilities and Zoning

In projecting the maximum build-out of residential sites from the vacant land inventory, consideration was given to: environmental constraints; the availability of public services, including utilities, infrastructure, and site development costs; proximity and access to public facilities; as well as, the community's goals and objectives outlined in the General Plan. The relationship of these factors to the development capacity is reflected in the range of densities provided in the Sebastopol General Plan.

Sites within the Very Low Density category of the General Plan (0-0.5 units per acre) adjoin environmentally sensitive areas of the Laguna de Santa Rosa and Atascadero Creek, which straddle the community's east and west boundaries. These areas have limited development potential due to flooding and other hazards described in the 1980 General Plan Studies.¹⁹

Those areas within the Low Density designations of the Sebastopol General Plan (0.5-2 units per acre) are limited in their development potential by such factors as topography, dense vegetation, inadequate access and/or the availability and cost of extending public sewer and water infrastructure improvements.

Those areas within the Medium and High Density Land Use designations of the General Plan are the most appropriate sites for a range of housing densities because they are in close proximity to community facilities and can be served by the existing infrastructure. The range of densities provided in the Sebastopol General Plan assures a mix of housing types and costs to meet the existing and projected needs of the community.

Projected Build-out

The projected build-out of vacant and underutilized residential sites was based on the maximum General Plan densities and existing zoning designations. Density bonus increases (pursuant to Section 66915 of the California Government Code) were calculated using the maximum General Plan Densities of 15 units per acre. The number of "bonus" units calculated is a maximum figure that provides a gauge of the number of lower and moderate income units that could potentially be developed.

In order to qualify for a density bonus, state law requires 25% of the maximum number of units allowed by local ordinance be available to low or moderate income households, or 10% of the units be made

available to lower income households. The legislation further requires a jurisdiction to grant a density bonus of 25% over the local base residential density or provide two other bonus incentives for the project.²⁰

In the absence of an adopted policy for density increase criteria, the analysis of density increase potential could be overstated. In this respect, the City of Sebastopol should develop a statement of policies regarding density increases in order to: define the process and procedures; establish criteria and development standards for the selection of suitable sites; and, target housing types to meet the identified needs of the community.

Based on neighborhood compatibility, site development costs, access, proximity to community facilities, and the availability of utilities, those sites within the Medium Density designation of the current General Plan (2-6 units per acre) were considered suitable for possible density increases. No density bonus units were calculated in the Very Low and Low Density categories in conformance with current General Plan Policies as these sites have certain physical constraints and comprise a small portion of the total available land. Other sites that were considered suitable for residential development include a commercial site currently proposed for 80 apartment units and a site pending annexation for 20 rental units including a density bonus.

Table 28 summarizes the results of the land inventory. The locations and General Plan Land Use designations for all vacant and underutilized residential sites are shown in Figure 8. A complete list of sites including their locations, Assessor's Parcel Numbers, projected units, maximum bonus potential and development constraints is included as Appendix A.

There is an estimated 165 acres of vacant and underutilized residential land within the 1984 City Limits, with a maximum projected build-out of 723 to 1127 units. The lower projected figure assumes no increase in densities above the current General Plan designations while the higher figure includes the maximum density bonus that would be allowed for sites within the Medium Density Land Use designation. The results of the analysis conclude that there are adequate sites within the City's current boundaries to accommodate the projected growth to the year 1990 with less than 40 percent build-out of the existing available land. This amount of developable land should give sufficient leeway for the market to operate without undue constraints on the availability of adequate sites. Many of these sites have received preliminary approvals for residential developments as shown in Tables 29 and 30.

In addition, there are approximately 180 acres of vacant unincorporated land within the Sebastopol's Sphere of Influence with a potential build-out of 350 to 518 new units. The projected build-out of the entire Sebastopol Planning Area will accommodate the projected population of 8,500 to 10,000 people by the year 2,000.

FIGURE 8

Vacant and Underutilized Land



TABLE 28

PROJECTED BUILD-OUT OF SEBASTOPOL PLANNING AREA

VACANT SITES	ACREAGE	POTENTIAL UNITS	BONUS UNITS
INCORPORATED CITY LIMITS			
Committed Projects	17.76	111	
Approved Projects	24.57	133	18
Proposed Projects	24.54	133	102
Developable Sites			
Rural Residential	63.34	144	80
Single Family	29.36	151	182
Multi-family	3.43	51	
Other Suitable Sites	1.50		22
TOTAL INCORPORATED LAND	164.50	723	404
UNINCORPORATED PLANNING AREA			
Very Low Density	53.38	26	
Low Density	104.29	199	
Medium Density	21.88	125	168
TOTAL UNINCORPORATED LAND	189.75	350	168
TOTAL PLANNING AREA BUILD-OUT	354.25	1,073	572
MAXIMUM POTENTIAL BUILD-OUT			
		1073-1650 Units	2564-3944 Persons

Source: Vacant Land Survey, July 1984

TABLE 29

PROJECTED-BUILD OUT OF DEVELOPING SITES BY TYPE

TYPE	DESCRIPTION	A.P. #	ACREAGE	ZONING	UNITS	BONUS
SINGLE FAMILY						
rural	High School Road	60-280-68	2.92	RA	4	
sfd	Ragle/Bodega	4-382-01	2.23	R-1	6	
sfd	Ragle/Covert	4-510-2, 3	4.92	R-1	14	
sfd	Applewood	4-510-75	.14	R-1	1	
sfd	Hill Subdivision	4-440-33,	.28	R-1	2	
sfd	Swain Woods	4-161-29,3	1.61	R-1	7	
sfd	Meadowbrook	4-531-34,3	1.65	R-1	10	
sfd	Oak Grove	4-400-03 ptn	1.50	R-1	3	
SUBTOTAL			15.25		47	
MULTI FAMILY						
duplex	Oak Grove	4-400-03 ptn	1.50	R-2	14	
apts.	Gravenstein Apts	60-250-04	4.00	RM-1	42	
Coop/apt	Gravenstein Hwy	4-390-11 ptn	10.31	RM-1	94	
SUBTOTAL			15.81		150	
PLANNED DEVELOPMENT						
condo	Bears Meadow	4-211-08	1.96	PC	27	
condo	Redwood Grove (expired)	4-320-18	4.74	PC	23	
condo	Laguna Vista	4-550-01	3.02	PC	24	14
condo	Suffolk Meadows	60-120-11	3.92	PC	27	
sfd	Pleasant Hill Rd-Cemetary	4-370-03	6.20	PC	16	
sfd	Country Park No. 3	4-381-03	5.00	PC	17	
sfd	Country Park No. 1	4-590-1-5	.93	PC	5	
sfd	Country Park No. 2	4-580-9-18	1.15	PC	10	
apts.	Burbank Heights	60-222-22 ptn	1.50	PC		18
SUBTOTAL			28.42		149	32
OTHER SITES SUITABLE FOR RESIDENTIAL DEVELOPMENT						
apts.	Hurlbut Ave	60-261-12	1.5	MD	9	11
apts	Gravenstein/Cooper	60-090-03	5.89	PC	80	
SUBTOTAL			7.39		89	11
TOTAL BUILD-OUT OF DEVELOPING SITES			66.87		435	43

TABLE 30

STATUS OF DEVELOPING SITES

DESCRIPTION	A.P. #	ACREAGE	ZONING	UNITS	DU/AC
COMMITTED PROJECTS					
Hill Subdivision	4-440-33, 49	.28	R-1	2	7
Swain Woods	4-161-29-36	1.61	R-1	7	4
Meadowbrook	4-531-34-38	1.65	R-1	10	6
Applewood	4-510-75	.14	R-1	1	6
Oak Grove	4-400-03	1.50	R-1	3	4
Oak Grove	4-400-03	1.50	R-2	14	9
Country Park No. 1	4-590-1-5	.93	PC	5	5
Country Park No. 2	4-580-9-18	1.15	PC	10	9
Country Park No. 3	4-381-03	5.00	PC	17	3
Gravenstein Apts	60-250-04	4.00	RM-1	42	15
		17.76		111	
APPROVED PROJECTS					
Bears Meadow	4-211-08	1.96	PC	27	14
Redwood Grove (expired)	4-320-18	4.74	PC	23	5
Pleasant Hill-cemetery	4-370-03	6.20	PC	16	3
Laguna Vista	4-550-01	3.02	PC	38	13
Ragle/Bodega	4-382-01	2.23	R-1	6	3
Ragle/Covert	4-510-2 & 3	4.92	R-1	14	3
Burbank Heights	60-222-20	1.50	PC	18	12
		24.57		142	
PROPOSED PROJECTS					
Hurlbut Ave	60-261-12	1.5	MD	20	13
Gravenstein/Cooper	60-090-03	5.89	PC	80	14
Suffolk Meadows	60-120-11	3.92	PC	27	7
High School Road	60-280-68	2.92	RA	4	2
Gravenstein Hwy	4-390-11	10.31	RM-1	94	9
		24.54		225	
TOTAL		66.87		478	

5-Year Projected Build-Out

Because it is not likely that all the vacant and underdeveloped sites would be built-out to the maximum allowable density over the next 5 years, an analysis of those projects currently in the planning process was conducted in order to determine the maximum feasible number of units that could be constructed between 1985-1990. The results of the analysis revealed 478 units in various stages of the approval process.

As summarized in Table 30, a wide range of housing types and densities is reflected, as well as, 43 potential "bonus" units from possible density increases. If 25% of the total units projected for the sites with potential density bonuses are provided for low and moderate income households (as required under state law) 36 units could potentially be available. An additional 18 units could feasibly be constructed at Burbank Heights providing a total of 54 units that could satisfy the needs of low and moderate income households. This would meet approximately 22% of the five-year projected need for low and moderate income households shown in Table 24. The remaining new construction need of low and moderate income households (190 units) could partially be met through the construction of second units, expansion of the mobile home park, or the construction of subsidized housing.

Absorption rates would affect, to a great extent, the number of units actually constructed. Most projects would be phased over 2 or 3 years and some may never be constructed. Table 30 summarizes the various projects according to their current status in the planning process. Committed projects are those developments that are partially built-out or that have site improvements completed or under construction. Approved projects are those that have preliminary approvals but have not completed improvement plans or final maps. Some of these sites are currently on the market and others have shown no activity for several years. Proposed projects are those developments currently in the planning process. An additional 18 low income "bonus" units are included that were originally approved for Burbank Heights Apartments, but never constructed as the HUD Section 236 funds were cut back.

Rentals, Mobile Homes and Factory-Built Housing

Because State law supercedes any local restrictions on the construction of mobile homes or factory-built housing in Sebastopol, theoretically, pre-built modular units or mobile homes could be built within any residential district in the community. Factory-built and mobile homes have much lower construction costs as they can be assembled on-site in a matter of weeks, and therefore reduce the interest costs on the construction loans.

Major constraints to the development of this type of housing in Sebastopol includes the small size of the vacant parcels and the generally hilly topography that characterizes Sebastopol. Level

sites with potential for the development of mobile home parks or factory built homes exist in the northern and southern areas of the City, but the majority of vacant sites are small, infill sites. Most of the larger parcels are unsuitable for this type of development due to physical constraints.

There may be potential to expand the existing mobile home park to accommodate the projected new construction need of 13 mobile homes by the year 1990. Currently, there are 64 units on 17.31 acres; however, this site encroaches on the flood plain of the Laguna de Santa Rosa. Since the construction of Warm Springs Dam, the flood plain level may be reduced from its current elevation of 76 feet to 73 feet.²¹ This would alleviate a major constraint to the expansion of the mobile park and other level sites adjoining the Laguna.

Due to recent revisions in the Economic Recovery Act of 1981 and increases in market rents, there has been renewed activity in the construction of rental units throughout California.²² There are several infill sites that are appropriately zoned for multi-family housing in Sebastopol, and the recently adopted second unit ordinance will also provide for the construction of additional rental units.

Redevelopment Potential

The City of Sebastopol has recently formed a Community Development Agency to revitalize the downtown area and other commercial/industrial areas in the City. Several identified residential sites are included in the boundaries of the redevelopment project area. According to the State Redevelopment Law, 20% of all tax increment revenues must be allocated to benefit low or moderate income housing. These funds are not limited to projects within the Community Development Project Area, but can be used throughout the community to improve or expand the supply of low and moderate income housing. Redevelopment funds would be limited in the initial phases of the Community Development Project, but are expected provide an estimated \$250,000 to \$300,000 for housing related projects over the next 5 years.²³

One of the major advantages of the Sebastopol Community Development Project is expected to be in providing public infrastructure improvements in the downtown area. Several sites currently constrained by inadequate access and lacking available utilities could benefit by the proposed improvements. Rehabilitation of many existing older units throughout the project area is another goal of the Community Development Agency. In addition, tax increment revenues will become a growing source of funds which can be used to provide below market financing to aid in meeting the future housing needs of the community.

GOVERNMENTAL CONSTRAINTS

Potential governmental constraints to the development of housing may include land use controls, local processing and permit procedures, building codes, site improvements and/or development fees. Land use controls can limit available land or densities, and thus, increase the per unit cost. The approval process can delay construction and increase overhead costs on interest bearing loans. Building codes may add material costs or limit the buildable area of a site. In the wake of Proposition 13, many communities require additional site improvements in addition to special fees, (park dedication, "bedroom taxes" or capital improvement fees) which increase development costs. Many developers have indicated that these increases in costs are transferred directly to the price of the units.

Land Use Controls

The analysis of vacant sites concludes that there is sufficient residential land to meet the projected needs of the community with a wide choice in the type, density and price range of units. The City has been active in assisting local developers in locating specific sites for the development of low and moderate income housing. Furthermore, the City has taken an aggressive posture in providing bonus incentives to developers who include provisions for low and moderate income households in their development proposals.

Although Sebastopol has established a policy which discourages annexations because of sewer system capacity constraints; the City has waived this policy, in certain cases, to approve annexation applications which include provisions for low and moderate income households. The annexation policy is reviewed each year pending the expansion of the Llano Treatment Plant. The plant expansion is estimated to be completed in the Fall of 1984 and will provide additional capacity sufficient to accommodate an estimated population of 9,300.²⁴

Processing and Permit Procedures

The City of Sebastopol has a very flexible development climate which provides effective project review within a reasonable timeframe. Most projects that conform to current General Plan policies can receive preliminary approval within 60 days of a completed application. (The City's Subdivision Ordinance requires a 50 day review period which the City has generally met.) Delays in the approval process are more often at the request of the developers than the result of the City's regulatory process.

In some instances, delays in the process are caused by poor design and physical constraints or environmental impacts which a developer

has failed to adequately address. A poorly designed subdivision is more costly to develop and can cause delays in the approval process in order to revise, correct or improve development plans. The City maintains an open dialogue with developers to assist them in identifying issues and developing mitigation measures to address constraints. Developers can avoid delays in the approval process by: 1) carefully evaluating the development potential and site constraints, 2) communicating their needs and goals early in the process with a concept review, and 3) incorporating departmental responses into their development plans.

There have been some delays to projects which do not conform to General Plan policies in order to evaluate the overall impacts of the proposed changes. Of particular consequence is the "Route E" bypass which is currently under consideration for a General Plan amendment pertaining to the development of 27 units proposed for a site in the adopted plan line. The City of Sebastopol will be updating its General Plan and developing specific plans for redevelopment activities and major capital improvements that will help to clarify issues associated with changes in General Plan policies.

Building Codes

Building Codes have not been a major constraint to the development of housing in Sebastopol. While new State requirements of Title 24 have provided additional requirements for building plans related to energy efficiency, the initial costs on a per unit basis are generally offset by the energy savings which accrue over time. Other building codes are standard practices in new construction and have not been perceived as a constraint to the development of housing. Rehabilitation costs per square foot usually exceed new construction costs attendant to bringing the units up to code. Sebastopol's targeted rehabilitation program has been successful in providing infrastructural improvements at no cost to low and moderate income neighborhoods and provides low interest financing to homeowners who rehabilitate their homes.

Site Improvements

Infrastructure improvements for the provision of such services as water, police, fire, schools, parks, streets and sewage collection and, particularly, the cost of improving and extending services to new areas, is potentially a substantial constraint to the production of housing. According to interviews with local developers and the City Engineer, site improvement costs are one of the major factors in establishing the feasibility of a project. Most of the developable sites with good access and available utilities have already been developed. Several infill sites (along Bodega Avenue) have not developed because of expensive off-site improvements to the City's

storm drain, sewer collection and water distribution systems. The City continues to seek Community Development Block Grant funds to provide these public infrastructure improvements throughout the community in addition to redevelopment activities.

The larger developable sites located in the southern portion of the City are constrained by limited access and the costs associated with needed infrastructure improvements. The City is currently undertaking a study to evaluate potential plan lines and proposed infrastructure improvements in this area and develop an overall plan to address these issues. Other prime developable sites to the north (end of Dufranc Ave) and to the east (Walker Ave) are also constrained by poor access and lack of available utilities. These areas are within the Community Development Project Area and may benefit from redevelopment activities.²⁵

According to interviews with local developers, site improvement costs average \$14,000 to \$18,000 per unit for a typical subdivision tract in the greater Santa Rosa Area. In comparison, some of the recent project improvement costs in Sebastopol have run \$18,000 to \$25,000 per unit.²⁶ As discussed previously, low vacancy rates coupled with costly site improvements in Sebastopol have created a "Catch 22" for many developers. While there is a strong demand for both rental and owner occupied units in Sebastopol, the high cost of site improvements has affected the feasibility of several projects and discouraged many developers. The City's bonus incentives, Community Development Block Grant and Redevelopment programs can help to offset the high cost of public improvements.

Fees and Exactions

Fees associated with various development applications in Sebastopol are low compared to other communities in Sonoma County. The average cost for utility connections and capital improvement fees is \$2,300 per unit; plan checking and building permit fees can add an additional \$1,000 per unit cost. Estimated fees in other communities range from \$3,800 to over \$5,000 per unit. Other fees charged for Tentative and Final Map applications are based on actual staff time. The only identifiable factor affecting fees charged a developer is related to engineering, inspection and testing fees which are charged on an hourly cost basis. Subdivision and improvement plans reflecting incorrect or poor construction practices are costly to revise and add to the inspection and plan checking fees. Sebastopol has waived certain fees for projects with provisions for low and moderate income households.

MARKET CONSTRAINTS

The most significant factors affecting the production and high cost of housing, according to the Real Estate Research Council of Northern California, are escalating land prices, increased construction costs and high interest rates. While these factors are outside government control, certain policy actions can help reduce the extent to which they constrain the production of housing.

Availability and Cost of Financing

Mortgage interest rates are probably the single most important factor affecting the housing market today, since they not only affect the cost of construction, but also have a compounding effect on the home mortgage cost and resultant purchasing power of the buyer. Interest rates over the past five years have fluctuated between 11% and 19% for fixed rate mortgages. As interest rates increased beyond 14% in 1982, the number of construction starts dropped dramatically. In 1983, interest rates fell to below 13% and construction starts boomed. This implies a threshold beyond which many homebuyers are priced out of the market. Figures 9 & 10 illustrate how mortgage rates and construction starts have fluctuated in recent years. Table 31 exemplifies how the increase in mortgage rates affects the purchasing power of the buyer.

As previously shown in Figure 3 the average selling price for a single family home in 1983 was \$114,950. A comparison of interest rates with the price range of homes in Sebastopol indicates that a moderate income family will be priced out of the market as interest rates exceed 14%. Although the City has little or no influence over national mortgage trends, the City can utilize numerous state and federal programs to provide below market rate financing to projects with provisions for low and moderate income housing.

Land Costs

Actual land costs to developers will vary widely depending on the development risk, availability of developable land and the amenities of a particular site. Development risk is related to the development potential (density), site improvement costs and the status of development approvals. Land purchased with a high development risk can be 30 percent lower priced than comparable land with development approvals.

According to interviews with local developers, raw land has been selling for an average price of \$8,000 to \$14,000 per unit or \$40,000-70,000 per acre. This is assuming a potential for a standard 6,000 sq. ft. lot subdivision (5 to 6 units per acre). Land with approvals for multi-family or condominium developments may have a

TABLE 31

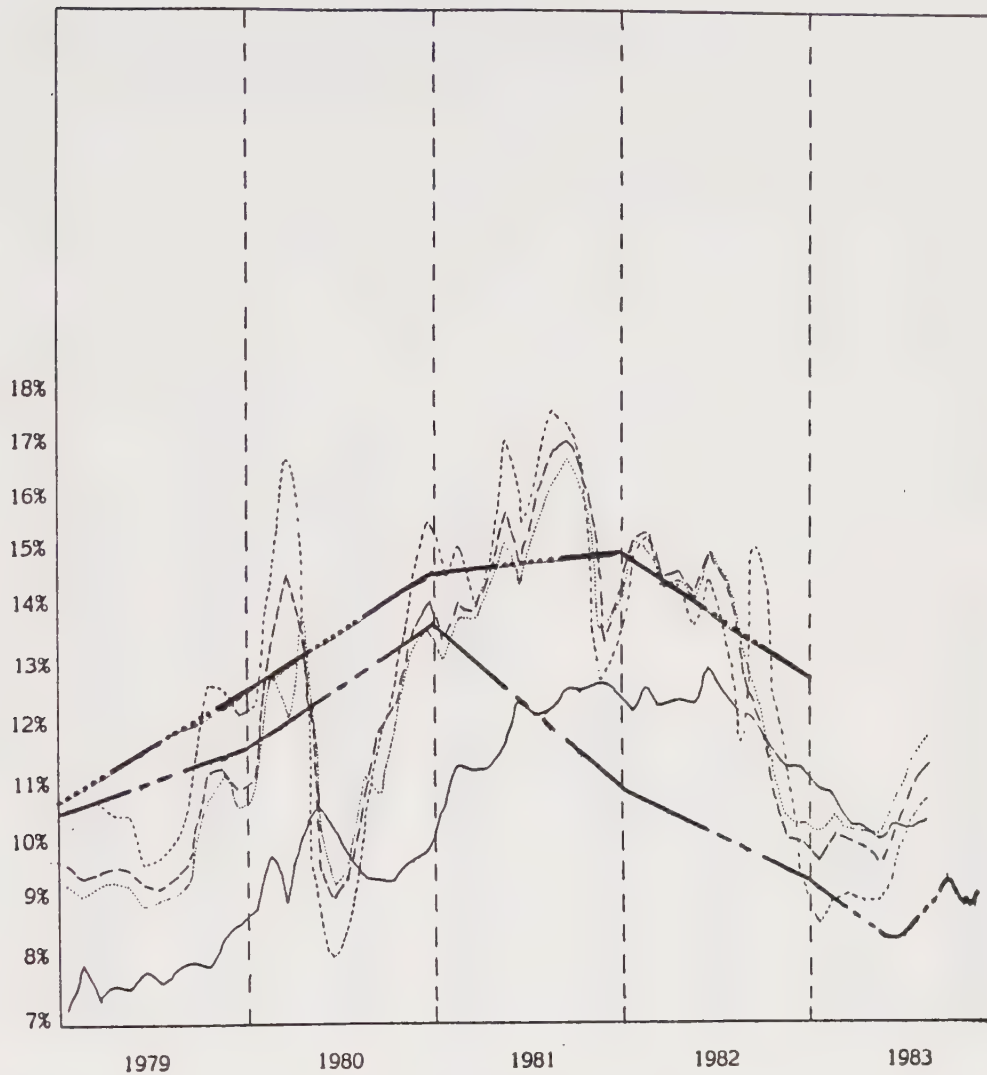
MAXIMUM SALES PRICE FOR MODERATE INCOME HOUSEHOLD

	9.0 -9.9%	10.0-10.9%	11.0-11.9%	12.0-12.9%	13.0-13.9%	14.0-14.9%	15.0-15.9%	16.0-16.9%
One Person Household Income Limit \$23,200	\$61,252	\$56,380	\$52,175	\$48,510	\$45,248	\$42,398	\$39,825	\$37,547
Two Person Household Income Limit \$26,500	\$69,964	\$64,400	\$59,597	\$55,410	\$51,684	\$48,428	\$45,490	\$42,888
Three Person Household Income Limit \$29,800	\$78,677	\$72,420	\$67,018	\$62,310	\$58,121	\$54,459	\$51,155	\$48,229
Four Person Household Income Limit \$33,100	\$87,390	\$80,439	\$74,440	\$69,210	\$64,557	\$54,459	\$56,820	\$53,569

Table 31 is a reflection of what a moderate income family can afford to pay for a home at various interest rates. It is based on HUD income limits for moderate income families, assuming 25% of their annual income for principal and interest payments. This model assumes a down payment of 10% of the purchase price in all cases. The maximum sales prices were computed by determining what amount at various interest rates would amortize over 30 years with a payment equal to 25% of the household income. For example, a two person household with an income of \$26,500 can afford to pay \$6,625 per year which will amortize a loan in the amount of \$63,604 at a 9.9% interest rate over 30 years. Assuming a 10% down payment, the sales price is therefore \$69,964.

FIGURE 9

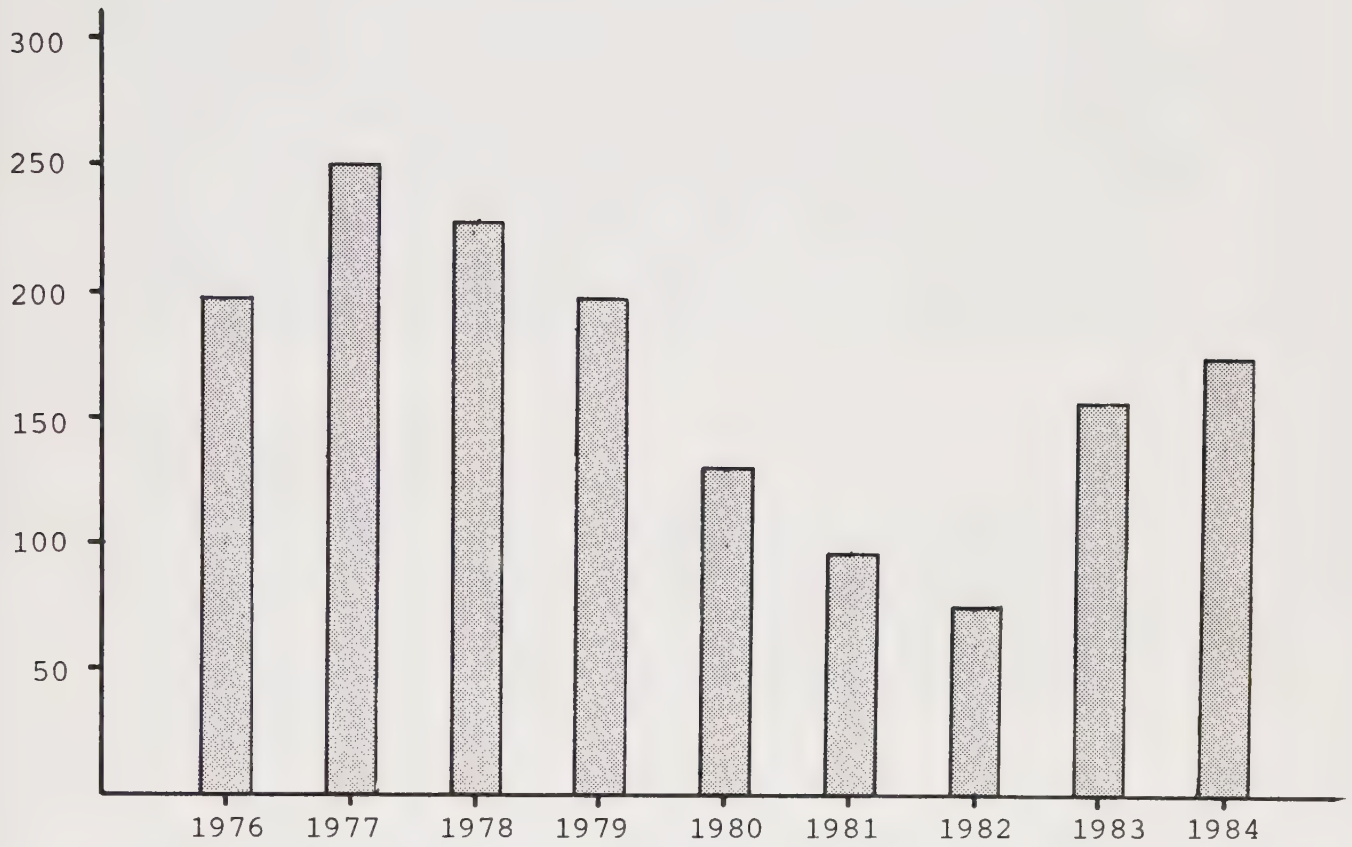
Mortgage Interest Rates 1979-1984



- 1. 11th District Cost of Funds —————
- 2. 1 Year Treasury Bill - - - - -
- 3. 3 Year Treasury Bill - - - - -
- 4. 5 Year Treasury Bill
- * 5. 6 Month T-Bill — — — — —
- * 6. Nat'l Mortgage Rate —————

* The Graphic charting of the 6 Month T-Bill and Nat'l Mortgage Rate do NOT reflect fluctuations within the year. This trend charting shows the interest work as of January of each year only, then connected point to point with the graphic trend line. The 6 month T-Bill fluctuations are reflected above in the later half of 1983.

FIGURE 10
Housing Starts in California 1979-1984



Source: U.S. Dept. of Commerce

lower per unit cost ranging \$5,000 to \$13,000 per unit but carry a higher per acre cost ranging from \$80,000 to \$130,000 per acre depending on the allowable densities (6 to 15 units per acre). Improved lot sales to homebuilders range from \$50,000 to \$95,000, with bulk sales of more than one lot averaging \$35,000 to \$40,000 per lot.²⁷

While the City can do little to affect the market price of land in Sebastopol, density increases can help reduce the per unit cost of a development in order to provide units affordable to low and moderate income households. The City has approved density increases to developers who commit a certain percentage of the units to low and moderate income housing. Other bonus incentives have been granted which include, deferred improvements, waiver of fees and priority processing of development plans. The City can also utilize state and federal grant programs to purchase land and then write down the cost of the land to developers of low and moderate income housing. Other policy options which have been recommended for the 5-year Action Program include a review of the available land and density ranges of the current General Plan to determine if a higher density limit is warranted or if selected areas should be redesignated to a higher density range.

Cost of Construction

Construction costs have also escalated in recent years from \$37.48 per square foot in 1980 to \$47.45 per square foot in 1984 (an increase of 26.6% (includes plan checking, site preparation and developers overhead and profit)).²⁸ Local developers estimate their average construction costs exclusive of their overhead, profit and plan checking fees to be \$35.00 per square foot on a standard quality home with an average cost of \$65.00 per square foot for a good quality custom built home.²⁹

Table 32 provides an example of estimated development costs for a typical single family development in Sebastopol. These figures further illustrate that new construction would not be able to meet the needs of low and moderate income households without some form of local, state or federal subsidies. Since the passage of Proposition 13, most communities require new developments to pay for the on and off-site improvements necessitated by the proposed project(s). Housing developments rarely provide enough tax revenues to pay for expanding public services. This places the burden of costs on new construction and adds to the high cost of new housing. There are various incentives and state and federal programs that the City can utilize to assist the developers in reducing construction costs. Among the more effective means of reducing construction costs is the bonus incentive program previously noted. The Sebastopol Community Development Agency can utilize tax increment revenues to provide

public³⁰ improvements in areas that have excessive site improvement costs.

TABLE 32

ESTIMATED PER UNIT COSTS FOR A
TYPICAL RESIDENTIAL DEVELOPMENT IN SEBASTOPOL
(6 units per acre)

Land Costs	\$ 8,000 - \$ 14,000
Site Improvements	14,000 - 25,000
Building Construction (1200 sq.ft. @\$35/sq.ft.)	42,000 - 42,000
Engineering & Planning (8%)	5,120 - 6,480
Local Fees	3,039 - 3,332
SUBTOTAL	\$ 72,159 - \$ 90,812
Development Interest (12%)	8,659 - 10,897
Developer Overhead and Profit (15%)	10,824 - 13,622
Marketing (5%)	4,582 - 5,767
TOTAL	\$ 96,224 - \$121,098

Housing Outlook 1985-1990

Recent trends in construction activities have indicated that developers are building smaller, more basic homes to reach the moderate income market. These "no-frills" packages allow homeowners to add their own amenity packages or expand their units as needed. Rising rents and recent revisions in the Economic Recovery Tax Act of 1981 have stimulated construction of rental units throughout California.³¹

The housing outlook for the near term futures is expected to continue recovering from the 1981-82 recession, but at a much slower pace. Several factors have contributed to the recent trends in accelerated housing activity. Among the most important are the vigorous economic growth projected for Sonoma County; continued strong demand for housing; and the anticipation of generally stable mortgage interest rates over the short-term. Housing starts and sales are expected to continue rising but the rate of growth is expected to be much smaller than in 1983-84 for two reasons: 1) interest rates have increased over last year's levels; and, 2) construction of new houses has approached the average levels achieved during the 1970s, any increases beyond this would lead to levels of construction rarely reached in California.

Although home prices are expected to inch upward and affordability problems will continue to hamper first-time home-buyers, several recent developments in mortgage financing will help ease these pressures. First, institutional lenders are expected to continue to competitively price home-related loans and provide adjustable rate mortgages to reduce the initial monthly costs to an affordable level. Second, lower-cost financing is available as sellers of existing houses and builders offer below-market financing, and finally, interest rate subsidies through public mortgage revenue bond programs or first-time buyer mortgage tax credits will likely be available to assist borrowers.

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IV. APPENDICES

VACANT AND UNDERDEVELOPED RESIDENTIAL SITES

DESCRIPTION	A.P. #	ACREAGE	ZONING	UNITS	BONUS	NOTES
Hutchins Ave	60-100-01	5.96	VL	3		
Palm Drive	60-120-12	31.00	VL	15		
Bodega Hwy	77-160-01	16.42	VL	8		flood zone-Park & Open Space/VL Density
Corline Ct.	151-010-12	3.30	LD	6		Flood zone Atascadero Ck
Pleasant Hill	76-070-	5.00	LD	10		Low Density-slide on ppty
Robinson Rd. End	76-060-2	11.68	LD	23		
Pleasant Hill/Robinson	76-060-3	5.00	LD	10		
Cooper Road	60-090-16	2.00	LD	4		Hilly, dense vegetation
Cooper Road	60-090-17	1.72	LD	3		
Lynch Rd/Logan Ln	60-190-02	5.90	LD	12		
Bellevue Ave	60-190-23	3.69	LD	7		End of Lane
Bellevue Ave	60-190-26	2.19	LD	4		End of Lane
First St. End of In.	60-190-28	1.46	LD	3		
First St. End of In.	60-190-29	1.55	LD	3		
Robinson Rd. End	60-200-01	11.35	LD	22		
Robinson Rd. End.	60-200-03	2.00	LD	4		
Robinson Rd.	60-210-40	.40	LD	1		one lot
Pleasant Hill Rd.	60-221-36	1.97	LD	4		
Pleasant Hill Rd.	60-221-59	1.25	LD	2		
Hurbut Ave	60-281-21	4.88	LD	9		
Cooper Rd	63-270-08	4.18	LD	8		
Witter Road	76-010-04	5.14	LD	10		
Pleasant Hill/Robinson	76-060-02	11.68	LD	23		Hilly, dense vegetation
Pleasant Hill	76-060-14	5.45	LD	10		
Nora Avenue	76-061-73	1.10	LD	1		single lot
Pleasant Hill Rd.	76-072-14 & 4 ptn.	10.00	LD	20		
Sholem Ct.	76-072-45	1.00	LD	1		single lot
Nora Lane	76-060-61, 77	2.00	LD	2		two lots
Fircrest	60-160-33, 35, 36	1.70	LD	3		three lots
Hurbut Ave	60-261-12	1.50	MD	8	14	Proposed annex for 22 rental
Norlee	60-350-2 & 3	.65	MD	2		two lots
Elphick Rd.	63-011-6	1.20	MD	7		poor access
Hutchins	60-110-04	1.00	MD	6	9	
Fircrest/Lynch	60-130-29	2.94	MD	17	27	
Witter/Elphick Ext.	60-140-51	.50	MD	3	4	
Witter/Elphick Ext.	60-140-52	1.71	MD	10	15	
Lynch Rd.	60-140-61	1.43	MD	8	13	
Lyding Lane	60-250-05	5.30	MD	31	35	End of Lane
Lyding Lane	60-250-65	1.80	MD	10	17	End of Lane
Bodega Hwy	77-180-21	4.85	MD	28	44	Access Improve. req.
Hutchins	60-110-23, 42	.50	MD	3	4	Medium Density
Bears Meadows	4-211-08	1.96	PC	27		
Redwood Grove	4-320-18	4.74	PC	23		S. Main St.
Cemetery Site-Pleasant Hill	4-370-03	6.20	PC	16		On Market for \$385,000 impr. costs \$380
Laguna Vista	4-550-01	3.02	PC	38		Access limited
Country Park No. 3	4-381-03	5.00	PC	17		Site Work Under Construction
Country Park No. 1	4-590-1-5	.93	PC	5		Site work completed
Country Park No. 2	4-580-9-18	1.15	PC	10		Resub, site work not complete
Gravenstein/Cooper	60-090-03	5.89	PC	88		Proposed Apts.
Main Street	4-051-53, 54, 55	1.50	PC		22	Commercial site suitable for Res.
Burbank Heights	60-222-20	1.50	PC		18	132 units constructed HUD Sec. 236
Ragel/Bodega	4-382-01	2.23	R-1	6		On Market \$150,000 w/\$210,000 site impr
Ragel/Covert	4-510-2, 3	4.92	R-1	14		
Oak Grove	4-400-03 ptn	1.50	R-1	3		3 units built
Applewood	4-510-75	.14	R-1	1		one lot
Hill Subdivision	4-440-33, 49	.28	R-1	2		two lots
Swain Woods	4-161-29, 31, 40, 57, 78, 82,	1.61	R-1	7		Custom Lots \$54-65K
Meadowbrook	4-531-34, 35, 36, 37, 38, 16,	1.65	R-1	10		several lots
Robinson Rd	4-400-2 ptn.	3.25	R-1	6		Low Density-church on ptn.*
Litchfield Ave	4-121-05	.69	R-1	4	6	Medium Density
Litchfield Ave	4-121-34	2.40	R-1	14	22	Medium Density
Maytum Ave	4-131-14	1.01	R-1	6	9	
Litchfield Ave	4-141-14	.59	R-1	3	5	Medium Density

Litchfield Ave	4-141-15	2.20	R-1	12	18	
Palm Drive	4-154-14	.14	R-1	1		one lot
Calder Ave	4-181-14	.20	R-1	1		one lot
Springdale St.	4-272-52 & 54	.46	R-1	2		Two lots end of lane
Ellis Ct.	4-301-44	.34	R-1	1		
Fircrest Ave	4-320-05	1.13	R-1	8	8	
Fircrest	4-320-21	.15	R-1	1		one lot
Brookside Ave	4-330-17	1.00	R-1	6	9	Medium Density End of Lane
Robinson Rd	4-400-04	2.00	R-1	4		Low Density-site south of Oak Grove*
Swartz Ave	4-490-37	.15	R-1	1		one lot
Nelson Way	60-230-51	.84	R-1	5		
Covert Lane	4-330-6	2.10	R-1	12	19	Medium Density
Bodega Hwy	4-383-2	1.00	R-1	6		Medium Density
Bodega Hwy	4-383-3	1.00	R-1	6	9	Medium Density
Durfranc Ave	4-480-5	.78	R-1	4	5	Med. Density
Bodega Hwy	4-211-02	1.20	R-1	7	11	Medium Density
Bodega Hwy	4-211-07	2.20	R-1	13	20	Medium Density
Covert/Norlee	4-440-47	1.80	R-1	11	16	Medium Density
Live Oak Ave	4-480-29	.85	R-1	5	7	Med. Density
Golden Ridge Ave	4-490-02	.78	R-1	5	6	Medium Density
Washington	60-240-52	1.30	R-1	7	12	
Oak Grove	4-400-03 ptn	1.50	R-2	14		
Willow/S. High	4-203-29	.17	R-2	2		duplex lot
Swartz Ave	4-490-36	.14	R-2	2		duplex lot
Gravenstein Apts	60-250-04	4.00	RM-1	42		12 Assisted Units Built
Florence Ave	4-291-14	.32	RM-1	5		duplex lot
Murphy Ave	4-291-19	.80	RM-1	12		High Density
Bodega Hwy.	60-230-33	2.00	RM-1	30		High Density
Gravenstein Hwy	4-390-11 ptn.	10.31	RM-1	94		80 Senior Citizens + 14 Apts.
Gravenstein Hwy	4-390- ptn	10.00	RM-1	13		Existing Mobile Home Park
Durfranc Ave	4-301-45	7.66	RA	15		
Suffolk Meadows	60-120-11	3.92	RA	27		High Density/Access-Route E
High School Road	60-280-68	2.92	RA	4		Annexd near high school
Main Street/Cleveland & Har	4-311-58, 77 & 5	2.30	RA	5		Low Density
First Street	4-171-17	1.14	RR	2		
First Street	4-172-07	1.00	RR	2		
First Street	4-340-19	2.75	RR	6	11	Medium Density
First Street	4-340-20	3.09	RR	6	12	Medium Density
First Street	4-340-21	6.82	RR	13		Low Density
First/Robinson Rd	4-410-5,6,9,12,13,18,19,	4.50	RR	9		
Jean Drive	4-470-42,43,53, 26,2	1.50	RR	3		
Lynch Road	4-450-07	4.49	RR	9		Low Density
Enos Drive	4-470-25,24	1.00	RR	2		
MacFarlane Ave	4-340-18	3.60	RR15	11	11	Medium Density
MacFarland/Lynch Rd	4-450-8	2.84	RR15	8	9	Med. Dens.*
Lynch Road	4-450-9	5.00	RR15	10		Low Density
MacFarland Ave	4-340-24	4.94	RR15	15	15	Medium Density
MacFarland Ave	4-450-04	5.00	RR15	15	15	MD-On Market \$250K-300K needs pump for
Lynch Road	4-460-06	2.41	RR15	7	7	Med. Density
		354.25*		1165*	484*	

APPENDIX B
GLOSSARY OF TERMS AND ACRONYMS

ABAG	Association of Bay Area Governments- the local Council of Governments encompassing nine San Francisco Bay Counties.
ABOVE MODERATE INCOME	More than 120% of the median income.
CDBG	Community Development Block Grant, a federal grant program.
DETERIORATED HOUSING UNIT	A structure in need of major rehabilitation.
DILAPIDATED HOUSING UNIT	A structure in need of demolition
DOF	State Department of Finance
FmHA	Farmers Home Administration which administers various federal loan programs.
HAP	Housing Assistance Plan
HCD	State Department of Housing and Community Development
HH	Household
HOUSEHOLD	A single housing unit occupied by one or more persons.
LOW INCOME	An income below 80% of the median income.
MEAN	The average value
MEDIAN	A value representing the mid-point in the range at which 50% of the values are above and 50% are below.
MODERATE INCOME	An income which is between 80% and 120% of the median income.
SAHC	Sebastopol Area Housing Corporation, a non-profit housing corporation.
VACANCY RATE	The percentage of vacant housing units.
VERY LOW INCOME	An income which is 50% or less than the median income.

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